Austria	Sch24	Indonesia	Rp3100	Philippines	Pso40
Bahrain	Din0.700	Iran	Rls210	Poland	Zl 9,000
Belgium	BFr55	Israel	Shk3.50	Portugal	Es150
Cyprus	C£0.90	Italy	L2000	Qatar	QR8.50
Denmark	DKr12.00	Jordan	Fils1000	S.Arabia	SR7.00
Egypt	E£3.25	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM8.50	Lebanon	L£400.00	Spain	Pta165
France	FFr7.50	Lux	LFr55	Sweden	SKr12
Germany	DM2.60	Malaysia	M$4.25	Switz	SFr2.50
Greece	Dr150	Morocco	MDh6.00	Thailand	Bht50
Hong Kong	HK$12	Neth	Fl 3.25	Tunisia	Din0.800
Hungary	Ft167	Nigeria	Naira10	Turkey	L1400
Iceland	IKr160	Norway	NKr12.00	UAE	Dh7.00
India	Rs15	Oman	OR1		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Wednesday June 27 1990

Φ D 8523A

GATT
Time for a new trade forum?
Page 4

World News

Soviet party may postpone congress to avoid split

The bitterly-divided leadership of the Soviet Communist Party was yesterday contemplating postponement of next week's crucial party congress, in a desperate effort to avoid the final break-up of the party.

Meanwhile, Foreign Minister Eduard Shevardnadze rounded on critics of Soviet foreign policy, saying it was "high time to understand that neither socialism, nor friendship, nor good neighbourliness, nor respect, can rest on bayonets, tanks or blood." Page 14

Last-minute talks

Vytautas Landsbergis, Lithuania's President, held surprise talks with Soviet President Mikhail Gorbachev as the Lithuanian parliament prepared to consider a deal with Moscow. Page 14

Share dealing probe

City of London regulators are investigating allegations that Dunsdale Securities, an investment group which collapsed earlier this month, was the centre of an illegal share-dealing ring. Page 7

Settlers accord

Finance Minister Yitzhak Modai said Israel would comply with a Soviet demand not to settle an influx of Jewish immigrants in occupied Arab lands. Israel plans crash homes programme, Page 6

Korean unity

North Korea has agreed to resume talks with South Korea next week, on eventual reunification of the two countries, a South Korean official said. Page 6

Curfew in Zambia

The Zambian Government, struggling to quell food riots raging in Lusaka, imposed a nightly curfew as the death toll from two days of disturbances rose to 14. President Kaunda cancelled a holiday to tackle the problem. Earlier report, Page 6

Student leader lives

Romanian student leader Marian Munteanu, feared dead after being arrested, appeared on television, in an interview from a penitentiary hospital near Bucharest.

US oil limits

The US placed the coast of south-west Florida and most of the California coast off-limits to oil and gas leasing and development until after the year 2000. Page 4

Workers protest

Hundreds of female factory workers in Seoul were dragged away by police after they staged a street protest against union-busting practices. Picture, Page 6

Extremist arrested

Israeli police arrested the suspected leader of the shadowy Sicarri group of Jewish zealots responsible for attacks and threats against peace activists.

Dissident arrives

Dissident Chinese scientist Fang Lizhi arrived in Britain after leaving the American embassy in Peking where he had sheltered since the Tiananmen Square crackdown last year. Picture, Page 6

Lebanese hope

Lebanese Prime Minister Selim Hoss said defiant Christian military leader Michel Aoun could be close to recognising the country's Syrian-backed Government.

Canadian gun law

Canada introduced tough new gun-control legislation promised after a gunman massacred 14 women at a Montreal university last December.

Removal of weapons

US forces began packing chemical weapons into steel containers ready for their complete removal from West Germany.

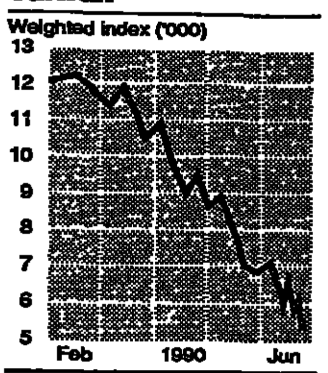
Business Summary

GM considers producing car parts at Czech plants

General Motors of the US is carrying out a feasibility study into the making of transmissions in Czechoslovakia as part of its ambitious move into eastern Europe. Page 14

MARKETS: Taiwan fell sharply in late trading as selling of banking stocks spread to the rest of the market. The

Taiwan



weighted index dropped 274.43, to 5,294.12, its lowest level since January 1989. Back Page, Section II.

US entrepreneur Donald Trump narrowly averted bankruptcy when seven leading bank creditors decided to go ahead with an emergency $20m 30-day bridge loan that allowed him to make an interest payment on one of his casino junk bonds. Page 15

DRESDNER Bank of West Germany plans to open 100 branches across East Germany. Page 15

INTERNATIONAL Lease Finance Corporation, the second largest aircraft lessor in the world, has agreed to be acquired by American International Group, the US insurance and financial services company. Page 15; Lex, Page 14

BRAZIL announced a sweeping but gradual reduction in import tariffs as part of a move to cut regulations and open trade barriers. Page 4

MAXWELL Communications has decided to withdraw from publishing businesses dependent on advertising revenue. Page 15; Lex, Page 14

MOTOROLA and Hitachi have reached a tentative settlement of an 18-month patent dispute which threatened to disrupt supplies of vital semiconductor chips to US computer manufacturers. Page 4

ARGENTINA is set to carry out Latin America's single largest debt-equity swap through the sale of 60 per cent of Entel, the nationalised telecommunications company, to Telefónica of Spain and Bell Atlantic of the US. Page 16

DAI-ICHI Mutual Life Insurance, Japan's second largest life assurance company, is to pay some $312m for a 9.6 per cent stake in the Indiana-based Lincoln National. Page 19

CREDIT SUISSE has acquired 80 per cent of BEA Associates of New York which manages a portfolio of almost $10bn of assets. Page 20

JAPANESE government advisory body has reiterated its demands for bringing down barriers between different types of financial institutions. Page 20

SGS-Thomson (ST), the Franco-Italian semiconductor group, has asked the European Commission to act against a sharp fall in prices of one of its memory chips. Page 4

EUROPEAN Community has formally tabled its ideas for converting Gatt into a permanent institution, the Multilateral Trade Organisation (MTO), alongside the International Monetary Fund and the World Bank. Page 4

CITIBANK won its long fight to link its branches in Japan to the on-line cash dispenser network of the top Japanese banks. Page 6

Bush abandons tax pledge after talks with Congress

By Peter Riddell, US Editor, in Washington


George Bush: pledge dropped

PRESIDENT George Bush yesterday opened the way for a budget deal with the Democrat-run Congress by dropping the often repeated "no new taxes" pledge of his 1988 election campaign.

After lengthy discussions with Congressional leaders, he issued a statement saying "tax revenue increases" should be part of any package to bring the federal deficit under control.

This follows more than six weeks of budget negotiations between the administration and Congress – talks which threatened to break down while estimates of the size of the deficit were being steadily increased.

The Administration admitted that the deficit for fiscal 1991, starting this October, is likely to be much higher than previously expected, reaching $159bn even before allowing for the costs of the savings and loan rescue. This compares with a statutory target of $64bn for 1991 under the Gramm-Rudman deficit reduction law.

Democratic leaders, who have been urging Mr Bush to put taxes on the negotiating table, yesterday adopted a low-key approach, welcoming the statement and avoiding any public gloating over his change of stance.

Mr Tom Foley, the Democratic Speaker of the House of Representatives, argued that Mr Bush, in publicly recognising that an effective approach to deficit reduction must include tax increases as well as spending reductions and reform of the budget process, was "reflecting a consensus that already exists in many economic quarters."

Detailed negotiations will resume today. Congressman Richard Gephardt, the House Majority leader, who chairs the meetings, said the aim was to "conclude as quickly as we can," suggesting a possible date of some time next month.

The Administration is still likely to resist any calls for higher income taxes as too flagrant a breach of the "no new taxes" pledge, which might anyway provoke opposition both from Republican Congressmen and from voters in this November's mid-term elections.

Consequently, the emphasis is likely to be on expanding the generally small scale tax changes and user fees for specific government services, assumed in last January's budget to provide an additional $19bn in revenue.

Senior Administration officials have argued that agreement on "a credible multi-year deficit reduction package" should be followed by a decision by the Federal Reserve to cut US short-term interest rates.

US financial markets rose sharply after President Bush's statement, but both Treasury bonds and shares later came off their initial highs. The Treasury's benchmark long bond was quoted $\frac{1}{2}$ point higher at midsession to yield 8.51 per cent.

On the equity market, the Dow Jones Industrial Average surged 30 points in early morning trading but then dipped back and closed down 2.72 points at 2,842.33.

The dollar ended lower at the New York close, quoted at Y154.67 against an earlier high of Y155.41 and at DM1.6630 from DM1.6840.

Background, Page 5; Markets, Section II

Conference divided on speed of steps to save ozone layer

By John Hunt, Environment Correspondent, in London

BROAD disagreements over measures to prevent the destruction of the ozone layer of the earth's atmosphere face environment ministers from nearly 100 countries who meet in London today.

The ministers had been expected to reach an accord on proposals to tighten the Montreal Protocol, which lays down the timetable for reducing and eventually ceasing the production and use of ozone-damaging chemicals.

But officials from more than 56 countries, who have been meeting in London since last week to prepare for today's conference, have failed to agree over the speed for the phasing out of chlorofluorocarbons (CFCs), the substances which deplete the ozone layer and allow an increase in damaging ultra violet radiation to reach the earth's surface.

Agreement is still to be reached also on the mechanism for administering an international fund to help developing countries introduce alternatives to CFCs.

Separately, 16 chemical companies said yesterday that they had jointly invested $60m to test alternatives to ozone-destroying chemicals. Du Pont of the US, Imperial Chemical Industries of the UK, and West Germany's Hoechst were among the companies forming two consortia to explore the development of alternatives.

These are known as AFEAS, for Alternative Fluorocarbons Environmental Acceptability Study, and Paft, for Program for Alternative Fluorocarbon Toxicity Testing.

"We've pooled our resources so that we are able to reduce the time scale needed to safely introduce" CFC alternatives, Mr Joachim von Schweinichen, director of Paft, told a news conference in London.

Mr Joe Farman, of the British Antarctic Survey – who discovered the hole in the Antarctic ozone layer – warned yesterday that the proposals from the conference were unlikely to be tough enough to halt the damaging thinning of the ozone layer.

He said that an agreement to phase out CFCs by the year 2000 – the main proposal before the conference – could lead to a depletion of up to 25 per cent in the stratospheric ozone layer in the northern hemisphere and even higher levels of thinning in the southern hemisphere.

"It is plain folly," Mr Farman said. "Things have to go much faster."

Norway, Sweden and Finland are now proposing that CFCs should be phased out by 1997, with reductions of 50 per cent by 1993 and 85 per cent by 1995.

But the US, Japan and the Soviet Union are opposed to this and want a phase-out by 2000, the date proposed by Dr Mostafa Tolba, director of United Nations Environment Programme. The European Community has said it is prepared to move to an earlier phase-out date than 2000 but has not yet specified precisely when.

Scientists at yesterday's London news conference said many CFC alternatives could not possibly be ready until the mid- or late-1990s and that CFCs could not be eliminated before 2000.

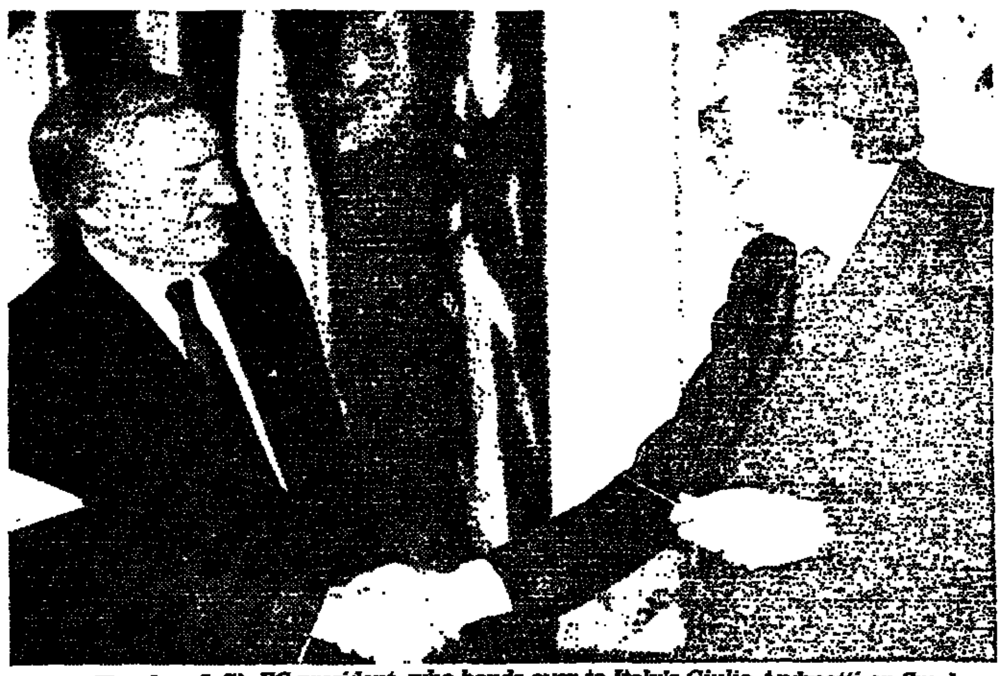
Negotiating officials also remained divided over conditions laid down by the US for the establishment of the international fund.

The US wants the biggest share of votes on the administrating committee as it will contribute possibly 25 per cent of the money. The US has also stipulated that any bilateral aid it gives to developing countries for environmental purposes should be deducted from its contribution to the fund.

Mrs Margaret Thatcher, the British Prime Minister, is expected to announce today that the UK will make a contribution to the fund.

The fund is proposed at $240m over three years. The largest countries affected, such as India and China, would be entitled to $40m each if they signed the protocol.

Obstacle race to replace CFCs, Page 14


Charles Haughey (left), EC president, who hands over to Italy's Giulio Andreotti on Sunday

EC pledges to aid Moscow and review South African sanctions

By David Buchan, Philip Stephens and Kieran Cooke in Dublin

EUROPEAN Community leaders ended their summit in Dublin yesterday with a promise of aid to the Soviet Union and a signal to South Africa that they were ready to respond to further dismantling of apartheid by easing sanctions.

The West German-inspired initiative for Western aid to Moscow was launched in spite of concern that it might meet serious reservations from the US and Japan at the Houston economic summit next month.

Coinciding with an explicit link drawn by Chancellor Helmut Kohl between loans for Moscow and Soviet approval of a united Germany anchored in Nato and the EC, Community leaders charged the European Commission in Brussels to prepare by the autumn proposals "covering short-term credits and longer-term support for structural reform" in the Soviet economy.

Mr Kohl told his EC colleagues that President Mikhail Gorbachev had asked him "to assist in the organisation of a broad consortium" in the west to help perestroika reforms. But, as Mr Kohl's pre-summit letter to his EC partners became public, the Soviet Government indicated that a large aid package was premature.

None the less, the instruction to the EC Commission to launch studies on ways to aid the Soviet Union won general approval. Mr Jacques Delors, the Commission president, said regardless of the outcome of the Houston summit, his EC executive would present proposals for Community assistance by October.

However, President Mitterrand, who proved Mr Kohl's key backer at the Dublin sum-

Continued on Page 14
Dublin package, Page 2
Editorial comment, Page 12

Chicago trade board to meet UK brokers on global insurance futures

By Deborah Hargreaves in London

THE Chicago Board of Trade is meeting representatives from leading London insurance brokers today to discuss co-operation on a global insurance futures product.

The CBOT's announcement last month that it had developed an insurance futures contract sparked interest in London and prompted a group of UK brokers to reveal their own plans for a contract.

Although the planned products differ substantially, the Chicago contract's creators believe they have a unique opportunity to establish a global link.

"If insurance liabilities and assets are traded across time zones, you need a hedge that is too," says Mr Richard Sandor, president of international capital markets at Banque Indosuez in New York and one of the contract's creators.

Many exchanges have tried to create a futures contract based on the global insurance market, but have run into difficulties over the lack of standardisation of insurance policies.

The CBOT which revealed details of its contracts yesterday, says it has solved this problem by creating a basket of policies. Buyers of a futures contract will receive a certificate which can be redeemed for net premium earned or lost after four months.

"The insurance markets represent a huge financial sector that currently has very limited ways by which to manage its considerable risk," stressed Mr Karsten Mahlmann, chairman of the CBOT.

The exchange believes its contracts will stabilise the risk that insurers and reinsurers face which will result in lower insurance costs for individual policy holders.

By providing a hedge, the contracts should enable reinsurers to take on more risk in an industry that is severely strapped for capital.

The CBOT plans to trade two contracts based on the $40bn car collision sector of the insurance market and the $138bn health insurance area. In London, plans have been focused on the much bigger marine insurance market, where a futures product would be based on an index of insurance prices.

The working group in London has not yet disclosed much detail about its contract plans and is still negotiating with the city's exchanges on trading the contract.

Lloyd's, the London insurance market, has so far remained aloof from the discussion of futures products that could dramatically change the way it does business. But the group of London brokers is approaching the exchange in a bid to gain its blessing.

The CBOT says it could have its contracts running within four months – they have just been submitted to the industry regulator for approval.

The exchange has earmarked a $1m budget to market the new products which it believes could open up a lucrative new sector for derivatives.

Wide variations in cash prices which hold the key for a successful futures contract can be seen in the loss ratios of insurance claims, the contract creators say. These vary with disasters and news about serious illnesses such as AIDS.

CONTENTS

East Germany: Aiming lower in electronics ...3
Dominican Republic: Poll fails to deliver clear cut victory ...5
Zambian Riots Unrest against one-party state finds wide support ...6
Brazil: A far from level playing field ...12
Editorial Comment: Scrutiny of nuclear power; Softer tones in Dublin ...12
Corporate governance: An end to hostile takeovers and short-termism ...13
Ozone Layer: Race to replace CFCs ...14

Europe	2,3	Britain	7	Editorial Comment	12	Observer	12
Companies	18	Companies	22,24	Financial Futures	34	Stock Markets	27-38
America	5	Arts Guide – Reviews	11	Gold	25	-London	27-29
Companies	16	FT Law Report	10	Intl. Capital Markets	20,21	Technology	6
International	6	Commodities	25	Letters	13	Unit Trusts	30-33
Companies	19	Crossword	34	Lex	14	World Index	38
World Trade	4	Currencies & money	34	Management	8		

Good monsoons bring years of plenty for corporate India

As V.P.Singh's government inches one of the world's most regulated economies towards liberalisation, India's industrialists already have plenty to smile about
Page 6

MARKETS

STERLING
New York:
$1.7423 (1.731)
London:
$1.7355 (1.7305)
DM2.90 (2.9025)
FFr9.7325 (9.7475)
SFr2.44 (2.44)
Y269.25 (268.75)
£ index 91.5 (91.2)

GOLD
New York: Comex Aug
$353.0 (356.2)
London:
$349.75 (353.5)

N SEA OIL (Argus)
Brent 15-day Aug
$16.075 (16.2)

Chief price changes yesterday: Page 15

DOLLAR
New York: T
DM 1.6630 (1.6775)
FFr5.581 (5.6305)
SFr1.4005 (1.4105)
Y154.67 (155.365)
London:
DM1.6715 (1.678)
FFr5.6075 (5.6325)
SFr1.4050 (1.4095)
Y155.15 (155.35)
$ index 67.4 (67.5)
Tokyo close:Y155.23

US lunchtime rates
Fed Funds $8\frac{5}{16}$% ($8\frac{5}{16}$)
3-mo Treasury Bills:
yield: 8.046% (8.06)
Long Bond:
$102\frac{5}{8}$ ($101\frac{31}{32}$)
yield: 8.499% (8.559)

STOCK INDICES
FT-SE 100:
2,399.8 (+1.3)
FT Ordinary:
1,928.6 (−2.8)
FT-A All-Share:
1,180.10 (+0.1%)
New York lunchtime:
DJ Ind. Av.
2,852.23 (+7.18)
S&P Comp
353.09 (+0.78)
Tokyo: Nikkei
31,571.77 (447.56)

LONDON MONEY
3-month Interbank:
closing $14\frac{7}{8}$% ($14\frac{7}{8}$)
Liffe long gilt future:
Sep 86 $\frac{13}{32}$ ($85\frac{23}{32}$)

EUROPEAN NEWS

EC ponders how best to help prop up the Soviet economy

By David Buchan in Dublin

THE EUROPEAN Community has launched itself into what could be its most ambitious and sensitive foreign policy initiative ever, providing an external buttress to the Soviet economy and President Mikhail Gorbachev's political reforms.

But EC leaders were in some disarray yesterday over whether they would or should send a united Community position on Soviet aid to the forthcoming western economic summit in Houston. Another question was over how automatically new Commission studies would translate into a firm EC aid plan for Moscow by this winter.

After what Mr Charles Haughey called "a substantive and robust" discussion of Soviet aid late on Monday night, EC leaders instructed the Commission, their executive body, to "prepare urgently proposals covering short-term credits and longer-term support for structural reform" of the Soviet economy.

The reasons for the urgency surrounding the issue became clearer yesterday with the revelation that Chancellor Helmut Kohl had written to his summit colleagues before Dublin to tell them that "President Gorbachev has requested a short-term credit from German banks, in which the Federal Government would act as guarantor".

Mr Kohl said that the German credit should be "a starting point" for wider western action.

Lest any of his EC partners be in doubt of the German stake in this, Mr Kohl went on to say: "In this connection, I would advise the Soviet Union for its part to adopt a constructive approach to questions arising along the path to German unity", particularly to pan-Germany's position in Nato.

Hence the mention of short-term credit in yesterday's communique, despite the deep reservations which Mrs Margaret Thatcher expressed in Dublin and President George Bush is likely to voice in Houston about throwing money into a bottomless Soviet pit.

President François Mitterrand said he expected Mrs Thatcher to return to the attack in Houston, with US backing. He and Mr Jacques Delors, the Commission president, conceded that, without the US, the $15bn western aid package mentioned by Mr Kohl was unthinkable.

While clearly not wanting Bonn to be left alone to "buy" East Germany's incorporation into Nato – a deal that the Chancellor was unwise enough to clarify in writing – Mr Delors stressed that it was "not by pumping money into the Soviet Union that the task of modernising its economy will be solved".

He rejected the idea that short-term credit might dull Soviet desire to persist with proper reform, but highlighted that the real problem was not short-term Soviet bankruptcy but "integrating the Soviet Union into the world economy". The new Dutch plan for an east-west European energy community could figure here, he said.

Regardless of the outcome at the Houston, meeting, which he will attend, Mr Delors said he would carry on with his Soviet aid studies. By drawing on various international organisations and by visiting Moscow for the first time next month, Mr Delors hopes to come up with proposals by October.

Italy, which takes over the EC presidency this weekend, plans a special summit that month. Mrs Thatcher implied there was nothing automatic about such EC proposals, which would have to win governments' approval. But Mr Mitterrand said the aid plans could go through on a majority vote, in other words, in the face of UK opposition.

To the extent that aid came from the EC budget, as distinct from EC or government-guaranteed loans raised on the capital markets, the planned 1991 EC budget could be increased later this year, Commission officials said.

Moscow 'not ready' for big western loans

By Quentin Peel in Moscow

THE Soviet Union has no programme ready to absorb a large injection of foreign credit as proposed by France and West Germany at the summit, and top Soviet advisers remain divided on whether massive foreign borrowing is wise.

"It is premature to speak about that," Mr Gennady Gerasimov, the Foreign Ministry spokesman, said yesterday.

"If in the future we do speak about a major programme of loans coming from the west, then of course there should be a specific programme for the creative use of such credits, so that we won't simply use one programme to fill in the holes in other programmes."

Although leading Soviet economists, including Professor Nikolai Petrakov, President Mikhail Gorbachev's personal economic adviser, and Academician Stanislav Shatalin, a member of the presidential council, recognise that transformation of the Soviet economy to a market system will be impossible without large-scale foreign borrowing, many also believe that the economy is not ready for such an injection yet.

The fundamental institutional reforms of the centrally-planned system have only just begun to be contemplated, and market-oriented economists fear that large-scale foreign credit could delay the reform process.

At the same time, they believe that foreign credits will be essential in the medium term to put goods into Soviet stores and provide some incentive for Soviet workers to work harder for higher wages.

Mr Gerasimov yesterday pointed to the trade payments delays of recent months, which have severely dented the Soviet Union's credit rating in the international banking community. "Our perfect reputation in foreign markets has been undermined," he said.

With the total of the payments' backlog officially admitted at $2bn, "in the first place we will have to use loans to meet these debts." In the longer term, he said, foreign loans could make certain contribution "to stabilising the country's financial situation.

Mr Gerasimov underlined the continuing doubts in the administration at the advisability of large-scale borrowing.

Nevertheless, the Soviet spokesman praised the West German Government for guaranteeing a loan of DM5bn (£1.73bn), without strings attached, which could be used to ease the current payments' crisis. "It is essentially a financial deal without any political conditions attached which, in our view, testifies to trust in the Soviet Union."

An Irish farewell: Charles Haughey ends his spell as president of the European Council of Ministers surrounded by fellow leaders, from left, Giulio Andreotti of Italy, François Mitterrand of France, and Margaret Thatcher of Britain. Behind them are their foreign ministers

Bulgaria asks to halt most debt payments

By Stephen Fidler, Euromarkets Correspondent

BULGARIA'S Foreign Trade Bank has requested a three-month suspension on payments of its medium and long-term debt to banks.

The Foreign Trade Bank, responsible for 90 per cent of Bulgaria's more than $10bn debt, began a freeze of principal repayments in March. Beginning June 30, until at least September 29, it intends also to cease interest payments.

The request is essentially to give the Bank and its leading bank lenders, led by Deutsche Bank, time to work out a more comprehensive arrangement to reduce its debt service bill over a longer period.

Lenders were formally informed of the request by telex yesterday. Though technically a request, bankers say there is nothing they can do to block the Bulgarians from putting the moratorium into effect.

The country's bank advisory committee is expected to meet in London in mid-July, where it will discuss details of a report from bank economists said to present a bleak picture of Bulgaria's economic outlook.

Bulgarian Prime Minister Mr Andrei Lukanov was quoted last week as saying that Bulgaria is seeking to postpone repayments of principal on the debt until 1993.

Olive branch held out on S Africa sanctions

By Philip Stephens, Political Editor

THE European Community yesterday took a significant step towards a progressive easing of sanctions against South Africa.

At the end of their Dublin summit, however, the leaders of the 12 rejected a British call for an immediate Community-wide lifting of the voluntary embargo on investment and of the ban on imports of iron and steel and kruggerrands.

The leaders' final declaration held out a clear olive branch to President F W de Klerk in the form of a commitment that they would "consider a gradual relaxation of the pressure when there is clear evidence that the process of change already initiated continues."

The implication was that further moves by the South African Government in releasing political prisoners and dismantling the remaining legal framework supporting apartheid would be followed by a speedy relaxation of sanctions.

Mr Charles Haughey, the Irish Prime Minister and one of the strongest opponents within the Community of a precipitate move towards an early easing of sanctions, said that the leaders had not drawn up a "list" of measures which would lead to a relaxation. His stance was backed by Denmark; but both Portugal and Italy supported Britain's position.

He acknowledged, however, that the aim was to give "specific encouragement" to President de Klerk.

Mrs Margaret Thatcher, the British Prime Minister, voiced disappointment that she had been unable to secure agreement for an immediate lifting of some of the measures.

She expressed satisfaction, however, that the principle of a gradual relaxation had been accepted. She pointed out that Italy had already lifted its investment ban and that trade between South Africa and European nations was increasing.

"I am sure that in practice restrictions on South Africa will continue to be eased," she said. The formal lifting of EC sanctions should follow during the six months of the Italian presidency, with reforms such as the repeal of the Group Areas Act providing the most likely trigger.

Mrs Thatcher also highlighted a section in the declaration calling on all parties in South Africa to "refrain from violence or advocacy of violence". That, she said, amounted to a clear message to the African National Congress to drop its declared support for armed struggle.

Greece says EC support is imminent

By Kieran Cooke in Dublin and Kerin Hope in Athens

MR Constantine Mitsotakis, Greek Prime Minister, came away from the EC summit satisfied that Community colleagues had given unanimous backing to a programme to help Greece out of serious economic difficulties.

Greek officials say the meeting agreed the EC would guarantee up to $2bn of market borrowings by Greece in the near future. Greece will use the funds as matching finance for more than Ecu7bn ($8.6bn) it is to receive from Brussels for regional infrastructure projects.

"I'm very pleased that the Community has shown solidarity to a member state facing serious economic problems," said Mr Mitsotakis. Greece, heading for a record budget deficit and with inflation running at more than 20 per cent, desperately needs a substantial injection of funding.

But the EC is believed to have laid down strict conditions for the spending of Brussels money. Earlier this year Mr Jacques Delors, Commission president, criticised the previous all-party Greek Government for failing to keep the terms of a 1985 emergency Community loan.

Mr Delors warned that the future of Greece in a unified Europe would be at risk if Athens did not put its house in order. But it made it clear the Commission would keep a close watch on Greece's economic reform programme.

Final push towards the single market goal

By David Buchan in Dublin

EC LEADERS yesterday pronounced themselves in favour of one last push up the long single market hill, before they reach the plateau in December with treaty negotiations to rearrange the Community's political and monetary landscape.

With so many geo-political distractions in the air, the Dublin summit communique reflected the priorities of those member states, like Britain and the Netherlands, which remain determined to get more free trade inside the single market.

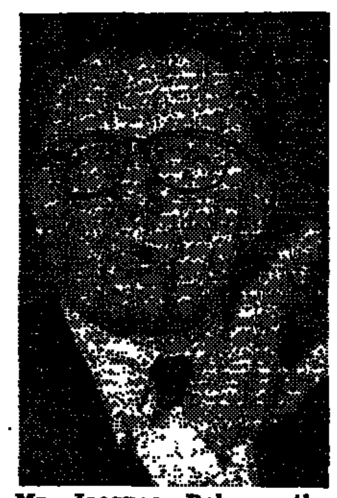
While Mr Jacques Delors, the Commission president, patted the Irish presidency on the back for pushing through some 20 internal market measures, the summit called for rapid progress on:

- Removing obstacles to cross-border stockbroking, insurance and corporate take-overs, all of key interest to the UK
- Liberalising road transport, as pushed particularly by the Netherlands
- Creating a harmonised system of indirect tax rates and collection, a problem for almost all EC states
- Harmonisation of food, animal and plant health safety standards, a job made no easier by the recent fuss over "mad cow" disease in Britain.

Daunting though these self-appointed tasks are, the decks may be surprisingly clear of other business this autumn. The summit communique clearly conveyed the feeling of all EC leaders that preparations for monetary and political union have now reached the stage where the issues can only be settled by the two treaty-revising conferences, now to start in Rome on December 13-14.

Even Mrs Margaret Thatcher, the great player for time, said yesterday that "if you look at the discussions that have taken place in various EC councils, you see that full preparation has taken place". A year ago she battled to write the phrase "full and adequate preparation" into the Madrid summit communique as the condition for monetary union talks starting; yesterday she conceded the condition fulfilled.

All that EC leaders have now asked their finance and foreign ministers to do in the next six months is to ensure that negotiations on both monetary and political union can begin "on a concrete basis as soon as the conferences open". That hardly looks like an invitation to leisurely in-depth study of the British counter-proposals for monetary convergence around a parallel Ecu currency.



Mr Jacques Delors, the Commission president, praised the Irish presidency for pushing through some 20 internal market measures

Yeltsin plans multi-party forum

By Leyla Boulton in Moscow

MR BORIS Yeltsin, the president of the Russian federation, said yesterday that he planned to form a multi-party government that would include Mr Gavriil Popov and Mr Anatoly Sobchak, the radical mayors of Moscow and Leningrad.

"There will be representatives of other parties, not just one but several," he said.

He also said that he would propose to the Kremlin that his intended economic and monetary reforms for Russia be extended to other republics to avoid disruption in the country at large.

"If our reforms are accepted, then Russia will pull other republics in its wake under a single currency...If they are not accepted, then Russia will have to create its own monetary system, which will enormously increase difficulties within the country."

- The Soviet Union denied yesterday that it was removing nuclear weapons from the Baltic republics and other sensitive regions, Reuter reports from Moscow.

"There is no need to move Soviet army units with nuclear weapons on Soviet territory," Gennady Gerasimov, the Foreign Ministry spokesman, quoted a Defence Ministry statement as saying.

"Therefore there are no changes being made in the stationing of these units."

The agency quoted Nato sources last week as saying that nuclear weapons were being moved from the three Soviet Baltic republics, which have all declared their intention to secede, and from troubled Transcaucasia and eastern Europe.

France may raise statutory minimum wage by 2.5%

William Dawkins in Paris

THE FRENCH Government will decide today on plans to boost the statutory minimum wage by 2.5 per cent, an important part of President François Mitterrand's new campaign to reduce inequalities.

Mr Jean-Pierre Soisson, the Labour Minister, yesterday proposed the six-monthly increase (at the upper end of most observers' expectations) agreed at the end of an annual negotiation with employers and unions.

A boost for the statutory minimum, earned by 1.6m workers, will affect wage claims up the scale.

The figure is due to be ratified at a cabinet meeting today, which is unlikely to change more than a fraction of a percentage point.

This means the minimum wage, known as the salaire minimum interprofessionel de croissance (Smic), should rise from FFr5,156 (£530.45) per month to FFr5,285 (£543.72) from July 1, though this is well below the figure sought by the Communist-led CGT union, which yesterday staged a demonstration outside the Labour Ministry.

Added to the 2 per cent rise already awarded in April, this would bring this year's rise in the Smic to 4.5 per cent, well above the current 3 per cent annual inflation rate and ahead of last year's 4 per cent increase in the Smic.

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Irish help keep alight a fading business

By Kieran Cooke in Dublin

MASTER CHANDLER Bobby Leppla has had his hands full preparing for this week's Dublin summit. He works at Rathbornes candle factory down near the docks in the Irish capital and was given a special order for this week's European Community banquet hosted by Mr Charles Haughey, the Irish Prime Minister.

"A good candle should be like an onion," says Mr Leppla. "Cut it and there should be layer upon layer of wax gathered round the wick."

Rathbornes, founded in 1455, boasts of being the oldest candle manufacturer in continuous existence in Europe. It also lays claim to being by far the oldest company in Ireland.

Once thousands of people would have been involved in the candle-making business, grouped in such guilds as the Tallow Chandlers, Soap Boilers and Wax Light Makers. But Mr Leppla is a craftsman fighting a losing battle against machines and a declining market for his specialised goods. Newly-installed West German-built machines spit out hundreds of candles an hour.

Mr Leppla, who has worked for the company for more than 40 years, fashions the larger

European Diary

Ireland

candles, mostly for use at church services. The process is lengthy and requires considerable skill. Cotton wicks are hung on a circular frame or "dipper", then lowered into a molten mixture of paraffin wax and 25 per cent beeswax. The whole structure might be dipped more than 100 times.

If the wicks are dipped for too long or too frequently the wax thickens and does not set. Too short and the layers will be too thin and fracture. Candles of more than four feet in length cannot fit on the "dipper". They have to be worked entirely by hand, with wax poured over the wick until sufficient layers are built up.

Candle-making – along with prostitution – is one of the world's oldest professions. The arrival of the electric light plunged many a chandler into eternal darkness. Now an increasingly godless age, together with cheap imports from the Asia Pacific region, threaten Europe's surviving chandlers.

"About half our business is from churches and religious institutions," says Mr Peadar Lennon, general manager at Rathbornes. Yet even in Ireland, Europe's most Roman Catholic country, church attendances are falling. Benediction, the evening service held amid a blaze of candles, is rapidly becoming a thing of the past.

"Old traditions of dropping into church to light a candle for the dead have fallen away," says Mr Lennon. "Because of thievery many churches are now locked up except at service times. Some churches have replaced candles with small electric lights."

Rathbornes has had to diversify. It now also sells other church accessories.

Other factors threaten the candle business in Ireland. Not so long ago blackouts were common in Ireland and every house would carry a stock of candles. Nowadays there is more efficiency – and fewer candle sales.

Increasing exports is one way to survive. Mr Lennon is launching an export drive in the US. "After all, we have been making candles since before Columbus set sail."

There have been encouraging signs that the European candle trade might revive, spurred on in part by the use of candles as a symbol of freedom during the revolutions in eastern Europe. Some people are also turning back to the old ways of lighting a candle at dinner or putting a candle on the window sill in the evening.

Rathbornes is one of about 50 members of the European Candle Makers Society. The society, in which the West Germans are the main participants, is now making a concerted effort to increase "candle awareness."

But in Ireland, it remains a tough time for chandlers. In the old days people would buy enough candles to present to the church on Candlemas Day to last the priest a year. But that tradition is dying. "It's the little things that matter in our business," says Mr Lennon. "The modern houses don't even have window sills. So there's no place for the candle anymore".

BAe faces demand to repay £44m in Rover subsidies

By Lucy Kellaway in Brussels

THE European Commission is today likely to demand that British Aerospace repay £44.4m in illegal government subsidies received when it bought the Rover car company in 1988.

Such a decision would be a victory for Sir Leon Brittan, the Competition Commissioner, who has faced hostility from his colleagues over what was initially seen as a soft demand. Some had felt that BAe was being given gentler treatment than that given recently to Renault and Alpha Romeo over illegal state aid.

The £44.4m comprises subsidies over and above the £547m permitted by the Commission at the time of the sell-off. Most of it relates to implied interest from deferring the £150m initial purchase price beyond the August deadline agreed between the Commission and the British Government. As the inquiry has dragged on, the value of the total subsidy has increased from the original £33m total of sweeteners exposed in the National Audit Office report last year.

However, any demand for repayment greater than the £38m – to which the British Government has already owned up – may spark a further dispute between the two sides, with the UK in theory prepared to test any decision in the European Court.

Sir Leon now appears to have the backing of the Commission for his controversial decision not to pursue the question of the valuation of Rover, which was alleged by the Audit Office to have been too low by up to £250m.

Since the end of last year, the Commission has been picking through the figures to see if an objective criterion for a higher valuation could be established. However, because it was involved in the original pricing decision, it has failed to come up with new objective information, and has decided that any further demand might *not stand up in court.*

The Commission is also likely to give its blessing to the recent purchase by Honda of a 10 per cent stake in Rover, which some Commissioners argued was in breach of an agreement under which BAe said it would not dispose of any of Rover's core businesses.

Hungary's tax holidays near end

By John Lloyd

MOST TAX holidays enjoyed by foreign companies forming joint ventures in Hungary will be abolished in legislation to be introduced by the new Government in September, according to Dr Peter Bod, the Trade and Industry Minister.

However, Dr Bod told a Business Research International conference in London yesterday that his Government, dominated by the Hungarian Democratic Forum in coalition with the Christian Democratic and Smallholders parties, would set a rapid pace for privatisation and restructuring.

He said that "two-thirds of the economy will be privatised in the next four years" – the Government's term of office.

He guaranteed the present right of foreign companies to take up to 100 per cent ownership in Hungarian enterprises, to repatriate profits in hard currency and to set wages and prices freely.

Dr Bod said that the present law on tax holidays, which grants exemption for joint ventures in which the foreign participation is either 20 per cent or 5m Forints (about £50,000) permits a tax-free period of up to 10 years in companies with a relatively small foreign participation.

"There is now a new entrepreneurial class in Hungary, and they are putting pressure on us not to discriminate against them. We must listen to their voices," he said.

He said he would implement the privatisation of small enterprises employing 15 workers or less – mainly shops, restaurants and petrol stations – within the next few weeks.

Financial discipline would be restored in consultation with the International Monetary Fund, and bankruptcies of unprofitable enterprises would begin soon.

The State Property Agency, which handles privatisation, would be put under the direct control of the Government and its work speeded up.

A new body would handle the investment needs and requests of large companies interested in investing in Hungary.

The enterprise councils in state companies, composed of management and worker representatives, had in the past "acted as a quasi-owner" and often blocked privatisation, he said. These would be downgraded to advisory bodies, with the Government firmly in charge of sales of state assets.

Dr Bod said that foreign investment was dominated by the German speaking nations - West and East Germany, Austria and Switzerland.

He told an audience of UK business executives and bankers: "You must be there. We have had more than a change of Government, we have had a change of direction".

Three-nation talks on Euphrates water

Government ministers from Turkey, Syria and Iraq started two days of talks in Ankara yesterday to try to settle their long dispute over division of the waters of the river Euphrates, writes Jim Bodgener in Ankara.

Turkey exacerbated the issue earlier this year when it halted the river's flow for a month in order to fill the lake created by the giant Ataturk dam.

East Germany aims lower in electronics

David Goodhart and **Guy de Jonquières** on the outlook for a backward sector

A SENIOR executive with a West German electronics company says it would be economically sensible, albeit inhumane, to raze the East German electronics industry and start again from scratch.

It is easy to find supporters of this view in West Germany, and even in East Germany. But it is probably too drastic, at least if the definition of electronic is extended to cover electro-mechanical technologies as well.

The more sober conventional wisdom is that at the sophisticated end of electronics, semiconductors etc, East Germany has little chance to compete because – partly thanks to CoCom restrictions – it is technologically backward and in such a capital-intensive sector cannot exploit its lower labour costs.

In consumer electronics and office equipment the outlook is also bleak thanks to aged technology and design, though there may be a few niches, such as electronic typewriters, where East German companies can compete.

The best hope lies in relatively simple electronic components and electrical products, such as machine tools and electric motors, where East Germany should be able to benefit from a workforce well-trained in precision mechanics and from lower labour costs.

According to Mr Alexander Gerybadze, a West German consultant, about half of East German electronic companies, which currently employ about 400,000 people, can survive. But even those that do will have to abandon about a third of their products.

"They will not be competitive in those sectors where there is a dynamic

THE CHALLENGE OF UNITY

product cycle, such as micro-electronics and consumer electronics," he says. Ms Doris Michel, with the Roland Berger consultancy, also points out that in sectors like chips and computers large production runs are needed to be competitive, but in many of these products there is already too much worldwide capacity.

All of this ought to be depressing news to Mr Rolf Hillig, deputy head of VEB Mikroelektronik, the Erfurt-based electronics group which employs about *60,000 people in the most vulnerable* sectors of all. But Mr Hillig is almost absurdly optimistic. He likes to recall that before division it was East Germany that housed most of Germany's electrical industry, and speculates on a new silicon valley in Thuringia.

He accepts that survival depends on being taken over by western companies and says he has already had serious talks with several, including Sharp and Toshiba of Japan and Intel, MIPS and LSI Logic of the US.

Mikroelektronik was at the heart of East Germany's semiconductor industry, which consumed about 30bn East German Marks on R&D in the past decade, of which 15bn Marks went on developing a 1 megabit chip.

Carl Zeiss Jena, which developed the chip, owns a micro-electronics subsidiary employing 3,000 scientists which it is desperate to sell as it retreats to its historic core in optics and measuring instruments. Mikroelektronik was supposed to mass-produce the chip, but never managed it.

"Developing the chip was a purely political decision, and it turned out to be our ruin," admits Mr Hillig. But he claims that his plants are internationally competitive in the more basic areas of micro-electronics and produce about $600m worth of semiconductors per year. "We can survive in transistors, integrated circuits and applications-specific chips, and we have the east bloc markets (where about 60 per cent of production goes)," he says.

Even Mr Hillig reckons there is no future in power electronics, watch production or colour television picture tubes, and that half his workforce will *have to go.* His immediate problems include a DM2bn (£690m) debt burden and the decision by Robotron, his main customer and East Germany's biggest office equipment maker, to cancel most of its orders.

Robotron, which employs about 65,000 people, is another electronics giant with a troubled future. Its personal computers are at least 5-10 years behind western ones, while its largest mainframe machines are no more powerful than an IBM 36 minicomputer. Several western partners have shown an interest in both areas, and Robotron is desperate to link up with Siemens.

More specialist electronic groups such as Nachrichten Elektronik in telecommunications and Automatisierung Technik in investment goods may have better survival chances as potential beneficiaries of government orders for infrastructural projects.

And the thankfully small consumer electronics sector has at least managed to attract one foreign saviour: the Finnish company Nokia, which is supplying television kits to be assembled by Kombinat Rundfunk und Fernsehen Stassfurt from the end of this month.

Stassfurt plans to make 60,000 sets by the end of this year and aims for monthly production of 20,000 thereafter. Nokia will use Stassfurt's sales network to sell its own sets in East Germany and the rest of east Europe. It is also rumoured that Sharp wants to take over the Stern Radio factory in East Berlin.

Even with foreign help and independent success in a few niches, possibly including software, the electronics industry will shrink dramatically. But as a market for western goods it should take off. "There is more unsatisfied demand in electronics than in any other industry," says Ms Michel.

That may not be such a bad thing for East German employment. Ms Michel thinks the best hope of absorbing redundant electronics workers will be in setting up sales and customer service operations to support western products.

WORLD TRADE NEWS

OECD 'should be the new forum for trade talks'

If the Uruguay Round fails, a new approach to negotiation is being urged, Peter Montagnon writes

THE Gatt "is dead! Long live the OECD!" If the Uruguay Round of multilateral trade talks fails to result in full agreement at its climax in Brussels this December, this could be the rallying call for a new approach to international trade policy.

Though uttered *sotto voce* now, with the Uruguay Round still under way, it reflects a growing sense among trade analysts that some of the most pressing new policy problems are no longer easy to deal with in Gatt's multilateral forum. Since they are often peculiar to industrial powers, the Organisation for Economic Co-operation and Development may be a more suitable place to handle them.

This feeling has grown partly because of the agenda for the current Structural Impediments Initiative (SII) talks between the US and Japan. These talks, which resumed with a vengeance in Tokyo this week, have concentrated on the international implications of what have, until now, been considered purely domestic issues, such as anti-trust policy, as well as Japan's distribution system and land taxation rules. SII has shown such problems do form a real source of international economic conflict.

Thinking in this area has been fuelled this year by a couple of books, well-thumbed by the trade community. One, by Mr Gary Hufbauer of Georgetown University, urges an OECD free trade and investment area by the year 2000. Another, by Ms Sylvia Ostry, a former OECD chief economist, urges the OECD to be roped in to work for policy convergence in areas related to trade and industrial policy.*

At the heart of the debate is the realisation that issues such as competition policy have grown in their potential to spark economic conflict, given today's rapid technological advance and vast increase in capital mobility.

To secure their position in the world economy, countries have to be capable of leading the development of new products such as high-definition TV, but this is an expensive prospect for any company on its own. The investment, and therefore world market success, may accrue most easily to countries whose domestic policies and regulations, for example, in the areas of anti-trust or subsidies, are most accommodating.

The temptation to indulge in such regulatory competition is greatest among the world's three main trading powers – the US, Japan and the EC, sometimes known as the "triad". Between them, these account for some two-thirds of world economic output, and are responsible for the bulk of international investment flows. They are at the fore of technological innovation.

Because the problem is so heavily concentrated among these powers, Gatt, with its worldwide membership of nearly 100 countries, has seemed to some the wrong forum for harmonisation negotiations. Hence, the new interest in the OECD, which groups only industrial countries. Since the Uruguay Round is supposed to enhance and revitalise Gatt, this is still a controversial proposition. But trade experts say it raises questions about how the system may be organised after the Round is over, or what will happen if it fails.

One prospect is that the cutting edge of trade policy talks will move away from Gatt towards the OECD, or even to the narrower "triad" grouping. This may happen regardless of the Round's outcome, but more likely if the Round fails and Gatt is diminished. Failure of the Round would lead to the system eroding into trading blocs, and to a two-track approach to trade policy talks. The fast track would switch away from Gatt, and the developing countries become marginalised in the debate.

Publicly, the OECD is noncommittal about its potential role in international talks on the new trade issues of the type raised by the US/Japan Strategic Impediments Initiative. Yet the need to examine them was acknowledged last week by Mr Robert Cornell, the OECD Deputy Secretary-General. "Proper multilateral discussion of these new international issues should be high on the agenda and it's going to need some suitable forum," he told a conference organised by the Royal Institute for International Affairs and the Confederation of Asia-Pacific Chambers of Commerce and Industry.

Against the idea of involving the OECD are a number of factors. First, it is widely seen as primarily a think-tank with no tradition of actual negotiation. Second, it has no legal powers of enforcement or dispute settlement. Third, it would be unpopular with those powers, particularly the EC, which still have as a priority, integration of developing countries into the trading system.

In favour of an OECD approach is the argument that it would be preferable to bilateral talks of the SII type, or even talks limited to "triad" members. This would, in any case, be difficult because of the weak political link between the EC and Japan. It would also allow neutral airing of the new issues without too much North-South rhetoric.

Some trade experts argue the OECD is not actually as far from being a negotiating body as it seems. It has already adopted codes in areas such as capital flows and policy towards multinational enterprises. To move to more formal rules in the new areas backed by enforcement measures would constitute a big change, but not one for which its experience to date has left it entirely unprepared.

The Free Trade Debate, by Gary Hufbauer, published for The Twentieth Century Fund by Priority Press Publications, 41 East 70th Street, New York NY 10021, pp 232, $8.95. Governments and Corporations in a Shrinking World, by Sylvia Ostry, Council on Foreign Relations, 58 East 68th Street, New York, NY 10021, pp 122, $14.95.

THE EUROPEAN Community has formally tabled its ideas for converting Gatt into a permanent institution, the Multilateral Trade Organisation (MTO), alongside the International Monetary Fund and the World Bank, William Dullforce reports from Geneva.

World trade ministers would take the political decision to set up the MTO at the end of the Uruguay Round trade talks in Brussels in December, under the plan the EC has sent to the group negotiating improvements to the way Gatt works.

Gatt has been governing world trade for over 40 years, but legally has only the status of a provisional arrangement, since in 1948, the US Congress refused to accept an International Trade Organisation.

The 12 EC countries say Gatt needs a legal basis to ensure the Round's results are implemented effectively. Another motive, unstated but implicit in their paper, is the desire to endow Gatt with the international standing and improved dispute settlement system that would make it difficult for the US to continue threatening punitive, unilateral action against other countries under Section 301 of its Trade Act.

The EC envisages a purely organisational treaty setting up an MTO to act as an umbrella for administering Gatt, the Gatt codes and a services pact. An MTO would apply common dispute settlement rules to all trade accords and codes. Common dispute settlement would not prejudge the question of whether cross-retaliation should be allowed, the EC says. Cross-retaliation refers to the right of a country whose trade has been injured in one sector to take compensating action against the offending country in another.

SGS-Thomson asks Brussels to act on Eproms price fall

By William Dawkins in Paris

SGS-Thomson (ST), the Franco-Italian semiconductor group, has asked the European Commission to act against a sharp fall in prices of one of its most important memory chips.

ST, Europe's second biggest chip maker, has asked Brussels to investigate why prices for Erasable Progammable Read Only Memories (Eproms), permanent memory storage devices, have roughly halved in eight months. The approach is informal but is likely to be taken seriously, since ST is one of the EC's main hopes for independence in semiconductors and a prime sharer in joint European chip research.

ST's request will worry European computer makers, the main chip buyers, which complained when the Commission last year set minimum prices on EC imports of Dynamic Random Access Memories (Drams), temporary storage devices, made by 11 Japanese electronics companies. Computer makers will not welcome a price rise in such an important component.

The Commission has been studying for three years a separate call to act against Japanese Eprom makers by the European Electronics Components Association, representing main EC chip makers. Some Japanese makers are understood to have offered price pledges on Eproms to forestall further action. They are keen to see Brussels open an anti-dumping action in answer to European complaints against cheap South Korean Drams.

The Eprom price fall comes when demand for this type of chip is strong, said ST, which draws 15 per cent of its turnover from Eprom sales. ST was unable to say which makers might be masterminding the Eprom price cuts. Officials said that, given Japanese chip makers' wish to avoid falling foul of EC anti-dumping rules, the price competition could as easily come from South Korea or the US, the only other significant producing countries.

Prices for a one megabit Eprom have fallen from $10 since October to about $5, making them cheaper than the same size Drams, which is unusual, since Drams are easier to make and have a bigger market. This shows the "situation is caused by makers," ST said.

Brazil tariff cuts expose markets to competition

By Christina Lamb in Brasilia

BRAZIL yesterday announced a sweeping but gradual reduction in import tariffs as part of a move to cut regulations and open trade barriers.

Starting on Sunday, tariffs in various sectors will be cut, with the aim of dropping the average from 35 to 20 per cent by 1994. The maximum is to be cut from 105 to 40 per cent.

Brazil is one of the world's most protected economies, imports last year representing only 5 per cent of gross national product. Until 1988, the average tariff was 51 per cent.

With a stagnating home market, Brazil wants to boost exports, likely to fall to about $10bn (£5.8bn) this year against $16bn last year, and open its markets to competition, as part of a drive against inflation.

The government sees a free market as essential to stabilising the economy. In March, it abolished the 1,000-item list of banned imports, replacing them with tariffs which, under the new trade policy, are intended to decline gradually.

The first items to be affected by yesterday's announcement are raw materials, machinery and parts not made in Brazil. Import taxes on these will be cut from 20 per cent to zero. A tariff reform committee will announce the precise timing of further tariff decreases at the end of the year and decide on anti-dumping measures.

Ms Zelia Cardoso, Economy Minister, described as an essential part of the strategy "the deliberate exposure of Brazilian industry to competition, improving quality and price in the home market and increasing competition for semi-monopolistic industries."

A far from level field, Page 20

Motorola and Hitachi settle patent dispute

MOTOROLA and Hitachi have reached tentative settlement of an 18-month patent dispute which threatened to disrupt supplies of vital semiconductor chips to US computer makers, Louise Kehoe reports from San Francisco.

The out-of-court settlement appears to end the threat of a court order banning Motorola from selling its flagship 68030 microprocessor. The chip is used in several popular computers, including computer workstations from Hewlett-Packard and several of Apple Computer's Macintosh personal computer models.

The companies said they had reached "agreement in principle that will serve as a framework for reaching an end to their intellectual property and technology disputes". Terms were not disclosed.

The row centres on patents for technology used in the 68030 chip. A week ago, a Texas judge ordered Motorola to halt output and sales of the chip. Motorola won a temporary reprieve, but threat of disruption has since loomed over the industry.

Britain backs EC's farm reform stance

THE UK yesterday strongly backed the EC's farm reform stance in the Uruguay Round trade talks, Tim Dickson reports from Luxembourg. Mr John Gummer, UK Agriculture Minister, told an EC Council meeting that Brussels should stick to its "global" approach on cutting farm subsidies, and insisted member states throw their full support behind Mr Raymond MacSharry, EC Agriculture Commissioner.

The EC was ready to reach a reasonable compromise, he added. Mr MacSharry, singled out by the Americans as the "villain" of the piece, will be pleased at yesterday's developments, while member states, hitherto uncertain of Britain's convictions, noted Mr Gummer's remarks with surprise or satisfaction. All know the Uruguay Round is at a critical point and events culminating in next month's meeting of Gatt's Trade Negotiation Committee in Geneva could bear significantly on the outcome.

The US still insists all farm subsidies be scrapped by the year 2000.

Farm council reports, Page 34

US, Japan fail to resolve bilateral trade problems

By Robert Thomson in Tokyo

JAPAN sought improved efforts from Washington to cut the US budget deficit, and the US demanded further promises from Japan on reducing its trade surplus, as bilateral talks on economic reforms remained unresolved late last night.

The final round of the Structural Impediments Initiative (SII) talks on trade was scheduled to finish yesterday, but a US Administration official said the meeting would continue into today and, perhaps, be reconvened next week in an attempt to produce a final report.

The SII talks were begun last year to reduce Japan's $49bn (£28.48bn) bilateral trade surplus, and Japanese officials yesterday had their turn to urge the US to make its economy more competitive by reducing the budget deficit and encouraging private saving.

Japanese negotiators condemned the US for failing to produce a specific target date for balancing the budget, while US officials said a target could not be presented until after current budget talks with Congress were completed.

The US was criticised for being slow to adopt the metric system and for producing a draft SII final report which did not include a reference to a pledge that the ban on exporting Alaskan crude oil would be lifted. But the most serious disputes in drafting the final report centre on US demands for Japan to increase public spending over 10 years. Japan has proposed spending Y415,000bn, but the US insists the figure should be nearer Y500,000bn.

The SII talks are intended to be a "two-way street", with both countries offering new policies to remove "structural impediments" to trade. But it was clear yesterday the US has drafted virtually no new policies specifically for the talks.

Japan is being pressed to produce specific figures and target dates for policy changes indicated in an interim SII report prepared in April, and the success of the talks will depend on whether Tokyo can provide further details in coming days.

AMERICAN NEWS

Mandela urges Congress to uphold sanctions

By Lionel Barber in Washington

MR Nelson Mandela yesterday appealed to the US Congress to maintain sanctions against South Africa until "irreversible" progress has been made towards ending apartheid.

In a rousing address to a joint session of the House and Senate, the 71-year-old deputy president of the African National Congress used the appeal to head off pressure to relax sanctions as a reward for President F.W. de Klerk's reform moves.

Under Mr Mandela's formula, which has already been rejected by President George Bush, the ANC should be consulted on the appropriate moment for the US and the rest of the international community to lift sanctions.

In what appeared to be a significant shift away from past advocacy of nationalisation, Mr *Mandela said the ANC held* "no ideological position that dictates that it must adopt a policy of nationalisation," although he made clear there would be a state role in a future mixed economy.

Mr Mandela's vision of a non-racial democratic South Africa won warm applause, but his refusal to renounce violence was greeted coolly.

After Lafayette, Winston Churchill and Lech Walesa, he is only the fourth private citizen to be invited to *speak to* a joint session of Congress.

During his speech Mr Mandela sought to compare his struggle against apartheid with the fight for justice and liberty fought by George Washington, Abraham Lincoln, Thomas Jefferson, and Dr Martin Luther King. No one sought to remind Mr Mandela that Jefferson was in fact a slave owner.

Declaring apartheid to be an "obscenity," Mr Mandela reminded his audience that many blacks had died in prison cells and on the gallows. When fundamental human rights were denied they had to be be *defended, if* necessary, with the weapons of war, he said.

He avoided setting out a blueprint for future negotiations with the de Klerk Government, and at one point spoke of the danger of a white backlash.

Exercising force: police step up security around Nelson Mandela during a walk in Washington after an earlier death threat

President Bush mouths a new line on tax increases

Peter Riddell on the prospects for a breakthrough deal to reduce the Budget deficit

IT has taken President George Bush nearly two years to abandon candidate George Bush's campaign pledge of "read my lips, no new taxes."

Yesterday's brief White House statement by Mr Bush that "tax revenue increases" will have to form part of any package to reduce the Federal Budget deficit begs many questions about the form and balance of any tax measures. But after more than six weeks of talks between the Administration and congressional leaders *these words offer the hope of a* breakthrough.

The problem with negotiations so far has been that neither side has been open or flexible. President Bush may have said in early May that everything was on the table, but his advisers made clear their continuing opposition to anything which could be seen as a tax increase. He also refused to submit new proposals of his own. Also, with mid-term elections only just over four months away, congressional Democrats have been reluctant to take the lead and face blame for proposing higher taxes.

Last week, Mr Richard Darman, the Budget director, finally put forward an Administration plan, cutting the deficit by just over $50bn (£29.06bn). But this was quickly dismissed by the Democrats as a warmed-over version of the January Budget.

So at the weekend there was *the growing threat of stale*mate, with Congress starting a 10-day recess this Friday and then a month-long break in August.

Something had to give, especially since under the Gramm-Rudman deficit reduction law automatic spending cuts come into force in October unless the deficit has been reduced to within $10bn of the statutory target. This is $64bn for fiscal 1991, starting in October.

However, Mr Darman last week revised upwards his estimate of the deficit by a further $21bn to $159bn, even before including up to a further $68bn for the costs of the savings and *loans rescue*.

So even allowing for the statutory room for manoeuvre, spending cuts or sequestration might amount to more than $80bn. While this might seem small by comparison with total Federal spending of $1,200bn – and only be equivalent to 1½ per cent of US gross national product – it would be a very large instant adjustment.

Moreover, because two-thirds of Federal spending – such as social security entitlements, contracted defence projects and debt interest – is exempt, the cuts would fall heavily on programmes such as education, public housing *and on services such as air* traffic control. This prospect was politically unacceptable to both sides so Mr Darman persuaded Mr Bush to take yesterday's initiative after the way had been prepared in talks with congressional leaders.

The difficult part now starts. The statement refers to each side's sensitive points – "entitlement and mandatory programme reform, tax revenue increases, growth incentives, discretionary spending reductions, orderly reductions in defence expenditures and budget process reform to assure that any bipartisan agreement is enforceable and that the deficit problem is brought under responsible control."

While everyone yesterday was avoiding specifics ahead of a resumption of talks today, this means cuts in cost-of-living adjustments for pensioners and in welfare programmes such as Medicare for the *elderly and Medicaid for the* poor.

On the tax side, the Bush Budget last January included roughly $19bn in increased tax revenues and user fees; mainly minor adjustments in various specific levies on airline tickets and long-distance telephone calls and payroll taxes on government employees, plus the initial favourable impact of a cut in capital gains tax (counted as a growth incentive in yesterday's statement).

Mr Bush's statement implies, but does not state, that this figure may be increased. An explicit increase in income tax rates is probably still unacceptable to the White House and might result in a large revolt by congressional Republicans. More likely is some form of broad-based energy tax.

Any package will also include larger cuts in defence spending than the $3bn or so reductions proposed by the *Administration last January*.

Mr Richard Gephardt, the Democratic House Majority leader, said he hoped broad agreement could be reached by mid-July, when Congress has to vote on an increase in the Federal Government's borrowing powers. That date may be over-ambitious, but the way has at last been opened for genuine negotiations.

Environmentalists win 10-year delay on US offshore oil drilling

THE Bush Administration has imposed delays of more than a decade in new offshore oil drilling off large areas of California and south Florida, writes Peter Riddell in Washington.

The decision, announced yesterday by President George Bush, followed intensive pressure from environmentalists and from congressional delegations in both states.

Mr Bush said "the combined effect is that the coast of south-west Florida and more than 99 per cent of the California coast will be off-limits to oil and gas leasing and development until after the year 2000."

Only those areas in close proximity to oil and gas development in Federal and state waters may be available before then. These areas, in the Santa Maria basin and the Santa Barbara channel, will not be available for leasing in any event until 1996, and then only after environmental impact studies.

In addition, Mr Bush yesterday also ordered the Interior Department to delay further leasing and development activity in several other areas, including coastal regions off Oregon and Washington states in the north-west.

An offshore drilling lease in the Georges Bank area of the North Atlantic, an important fishing area off the New England coast, has also been cancelled.

Mr Bush, who spent *20* years in *the* oil business, including offshore operation, said his decision was because "further steps to protect the environment are needed."

The Administration decision bars oil leasing and development in sale area 116, part two, off the coast of Florida, sale area 91 off the coast of northern California, sale area 119 off the coast of central California, and the vast majority of sale area 95 off the coast of *southern California*.

The areas affected include 6.7m acres off southern California, 1.2m acres off northern California and 13m acres in the Gulf of Mexico. The decision follows a report from a task force of the Interior Department and the National Academy of Sciences which concluded that more study of the environmental effects was needed.

Dominican poll fails to deliver clear-cut victory

Canute James on the aftermath of tough presidential elections

MR Juan Bosch, the losing candidate in the Dominican Republic's presidential election, is claiming he is the victim of a "colossal fraud." He is refusing to recognise the official result – which gave Mr Joaquin Balaguer, the 83-year-*old incumbent president*, a narrow victory – and is alleging widespread vote-rigging.

Mr Bosch, 80, was anticipating keenly his first full term as president, having been overthrown by the military after seven months in office in 1963. He says the fraud perpetrated on his socialist Dominican Liberation Party was engineered by Mr Balaguer's conservative Social Christian Reform Party.

Despite repeated denials by SCRP officials, Mr Bosch insists many votes came from Dominicans living in New York, Miami and Caracas. "Thousands of the dead left their graves but could not vote because others, very much alive, had already used their names," he contends.

Business leaders say the charges, the close result and the month-long delay in announcing the May 20 election result could lead to prolonged political confusion in the Caribbean republic of 7m people. This, and continuing economic deterioration, could trigger further outbreaks of social unrest which has plagued the country for the last six years.

Mr Balaguer, who is blind, won a sixth, non-consecutive term by a narrow margin – 24,800 votes ahead of Mr Bosch – with a third of voters supporting him. Most of the remaining votes went to either Mr Bosch or Mr Jose Francisco Pena Gomez, of the social democrat Dominican Revolutionary Party. About half the 3.2m registered electorate voted.

Pre-election polls indicated Mr Bosch held a clear lead. However, Mr Bosch, who gained support from the business sector by promising widespread deregulation and divestment, alienated workers in state enterprises who feared for their jobs. He was also involved in controversial statements about the role of the Catholic Church.

While Mr Bosch, an avowed Marxist in earlier years, appears to have made a dramatic ideological *volte-face* – he now says capitalism is the only route open to the Dominican economy – there is little indication that Mr Balaguer will make fundamental changes in economic policy over the next four years.

Changes are needed if the country is to pull itself out of its current quagmire. The economy is based on the production of minerals – mainly gold, nickel and silver – tour-

ism, agriculture and light manufacturing.

Last year it grew by 3.8 per cent, against 1.1 per cent in 1988. But 1989 ended with a trade deficit of $1.02bn (£590m), more than triple that of the previous year.

The Dominican peso has devalued by 60 per cent against the dollar in the four years of Mr Balaguer's last term, contributing partly to the country's soaring inflation rate.

The central bank estimated last year's inflation at 45.3 per cent, but local economists calculate the real rate to be at least 60 per cent, accelerating this year to an annualised 100 per cent.

Another cause of inflation has been the $1.5bn spent by Mr Balaguer's on houses, roads, bridges and parks. The president has obsessively pursued *his* public works programme, financing it with unbacked local currency.

Detractors credit him for having expanded tourism and light manufacturing in the many free trade zones in the country, but condemn him over economic management. The country's power supply system has been neglected, and frequent power cuts have affected not only production but also the fickle tourist industry.

After vacillating over dealings with the International Monetary Fund, Mr Balaguer has promised to approach the IMF in August at the start of the new presidential term.

Last year the Government suspended payments on its $800m debt to commercial banks. However, it cannot reschedule these or its Paris Club obligations, which make up most of the $4.1bn foreign debt, until it agrees a structural adjustment programme with the IMF. Mr Balaguer's reluctance to deal with the IMF is based on fears that violence and rioting, which greeted the imposition of austerity measures agreed by former president Salvador Jorge Blanco in 1984, will be repeated.

Citibank wins Japanese cash dispenser fight

By Stefan Wagstyl in Tokyo

CITIBANK yesterday won its long fight to link its branches in Japan to the on-line cash dispenser network of the top Japanese banks.

From December 17, customers of the US bank's nine Japanese branches will be able to use the 20,000 machines at the 5,300 branches of the Japanese city (commercial) banks.

The city banks long opposed allowing Citibank to join a system they said they had developed and paid for. Three years ago, Citibank had to content itself with an agreement with Dai Ichi Kangyo, the largest bank, for access to its cash dispensing machines. However, the US bank never lost sight of its eventual goal.

The Japanese banks seem to have given in to Citibank's demand for fear of inflaming tensions between the US and Japan over financial issues. The US has in the past year increased the pressure on Japan to accelerate deregulation, including the pace of interest rate liberalisation.

The Japanese Ministry of Finance has resisted the pressure so far out of concern for the possible impact of deregulation on small financial institutions. However, it appears the ministry decided that other, relatively minor, problems should be solved, where possible. The ministry declined to comment, saying the issue was a matter for Citibank and the Japanese banks. Citibank said only that it was pleased the matter had been resolved.

Separately, Citibank has agreed with Mitsubishi Bank, one of the largest Japanese banks, to establish a branch inside a Mitsubishi branch in Osaka. Citibank said the deal was a private matter between the two banks, and had nothing to do with US-Japan economic tensions.

Citibank is unique among foreign banks in building a retail branch network in Japan. It has had consistent difficulties opening branches because of the cost and complex regulatory procedures involved. Mitsubishi also denied that political considerations lay behind the deal. The agreement followed a Finance Ministry move to ease curbs on banks sharing branches.

Kaunda under pressure as Lusaka rioting continues

By Mike Hall in Lusaka

THE death toll from two days of rioting in Zambia rose to 15 yesterday as looting by angry mobs continued, spreading throughout the capital, Lusaka.

President Kenneth Kaunda was forced to cut short a holiday for emergency meetings with senior politicians.

A 6 pm to 6 am curfew has been imposed and police warned that anyone breaking the curfew would be arrested.

Policing on the Copperbelt, home of the country's vital mining industry, has been stepped up.

Hospital and police officials confirmed that 11 people had died in rioting yesterday, in addition to four killed on Monday. About 140 were seriously injured.

One policeman was stoned to death by mobs during a house-to-house search. A three-year-old girl and two traders were also killed.

In yesterday's rioting, three police stations were attacked by demonstrators.

The semi-official Daily Mail newspaper reported yesterday that at least 100 people were detained after the first day of rioting, prompted by the doubling of the price of maize meal, the staple food.

The stone-throwing mobs yesterday clashed in several places throughout the city as the army and police, firing automatic weapons and using tear gas, battled to keep control. All roads out of the capital were sealed.

Thousands shouting anti-government slogans broke into shops and supermarkets in more prosperous suburbs, stoned cars and attacked other symbols of wealth before police arrived to disperse them. Army helicopters circled over the capital.

Eyewitnesses said some paramilitary forces were standing by and encouraging ordinary people to loot. Many onlookers said they supported the action taken by people from the mainly poor suburbs of eastern Lusaka.

"At last these unemployed youngsters have found something to do," said one. "People can only take so much. Kaunda should resign," he added, echoing sentiments that appeared to be widespread.

The United Nations issued orders to all staff to close down UN offices and return home immediately.

University students said yesterday that up to 30 colleagues had been arrested on Monday and vowed to keep fighting until they were released.

Some suburbs yesterday remained under the control of thousands of angry citizens who had barricaded roads.

They said they would continue their action until the government rescinded the increase in the maize price.

But some observers believe the rioting has gone beyond the issue of food prices, and there are now increasing calls for President Kaunda to step down.

Unrest against one-party state finds wide support

Deteriorating economy is at the root of Zambian discontent, write **Mike Hall** and **Michael Holman**

THE businessman was angry: "Zambia is not only a one party-state," he said. "We have a one-man party – and it's time for that man to go."

As mobs rampaged through the streets of the capital, Lusaka, yesterday looting shops and attacking symbols of wealth, President Kenneth Kaunda faces one of the most severe tests of his 26-year rule.

During much of this time, the president has been preoccupied by events beyond his borders – wars in Angola, Mozambique, Rhodesia (now Zimbabwe) and South Africa. With characteristic starched white handkerchief in hand, and frequently weeping when his emotions overcome him, Mr Kaunda has often been on the world stage in his search for peace in southern Africa.

But the mission-educated child of a Presbyterian minister is now caught up in a domestic crisis that could well bring out the tough streak in one of Africa's political survivors.

The riots, which started on Monday following a demonstration by 2,000 university students protesting at food price increases, seem to have taken on a wider political dimension, with a broader cross-section of Zambians joining with unemployed and poor township youth.

Although it is the frustrated job seekers who have been in the thick of the action, they have the support of many middle class Zambians who have seen their living standards eroded over the past two decades.

What must also be worrying for President Kaunda and his ruling United National Independence Party (UNIP) – the sole legal party since 1972 – are reports that some in the security forces were encouraging rioters.

It was still unclear yesterday, however, whether any organisation is behind the unrest other than the banned university students union.

But what is striking is the extent of popular frustration with the government among the urban population which has grown as the economic climate has deteriorated. The vast majority of city residents have seen their living standards plunge as export earnings from copper declined, diversification into agriculture failed, and mismanagement of state-owned enterprises took its toll.

Essential commodities have been in short supply or beyond their reach because of black marketeering. Inflation has soared, and a shortage of foreign exchange has caused industry and other business to go under or shed workers, swelling the numbers of unemployed.

Anti-government criticism is now directed at President Kaunda personally. Once almost immune from attack, he is today seen as almost entirely responsible for the failings of a party over which he exerts near absolute control.

His philosophy of "humanism", a Christian-influenced, broadly socialist doctrine that calls for love, social justice and an end to exploitation, is mocked by many Zambians for whom daily reality is starkly different.

The continuing trial of senior army officers on treason charges arising from an alleged plot last year has provided a platform for allegations of high level corruption, while newspapers have carried stories which suggest that his sons have been involved in shady deals.

There is no evidence Mr Kaunda himself is implicated: nevertheless, his reputation has been tarnished. And it is open to question whether UNIP is capable of presiding over changes to a new political system.

Mr Kaunda will now need all his skills if he is to ride the current crisis. He was able to defuse the last serious challenge in 1986, when several people died in riots protesting against food price increases, by arguing that the measures were forced on him by the International Monetary Fund.

Mr Kaunda suspended the economic programme agreed with the IMF and sought what was described as a "Zambian solution" to the country's economic problems.

The programme introduced was presented to the Zambian public in precisely these terms – though the measures have a familiar ring. This time, however, Mr Kaunda may be unable to divert the blame for the hardships it involves.

He is thus in a dilemma. Zambia's go-it-alone policy adopted after 1986 failed, forcing the country back to the structural adjustment policies it has fitfully pursued in the past. But if he is to stay in power, the austerity measures the current reforms require – notably cuts in subsidies and a privatisation programme which if implemented would see substantial labour cut-backs – will almost certainly have to be suspended or postponed.

But trade unions, the church, private businessmen (most of whom were once in his government), students and many professionals are increasingly hostile to the idea of maintaining the status quo. The question now is whether they can channel popular dissatisfaction into a coherent opposition to Mr Kaunda.

Algeria admits its debts were badly mismanaged

By Stephen Fidler, Euromarkets Correspondent

ALGERIA'S economy minister yesterday admitted his country had "grossly mismanaged" its foreign debt but rejected comparisons with Latin American debtor countries.

Mr Ghazi Hidouci said at a presentation in London that Algeria would continue its policy of avoiding a rescheduling of its foreign debts and said creditors would be paid back on time, rather than over 10 years as in a rescheduling.

As reported, a central bank document presented at the meeting shows the average maturity of Algeria's debt of only 3.6 years. Algeria has $23.6bn in medium and long-term foreign loans and $1.7bn in short-term credits.

The report indicates that in its determination to avoid rescheduling, Algeria is considering an unusual offer of collateral to international banks to encourage them to grant new loans and thereby refinance maturing credits.

The collateral, in the form of zero-coupon bonds, would be paid for by increasing borrowings. It suggests collateral equivalent to 20 per cent of provisions which international banks are required to hold against their Algerian loans would be sufficient to encourage banks to lend. Borrowing $3bn a year in this fashion would reduce the ratio of debt service to exports from 75 per cent now to 27 per cent in 1992-93.

The other option – to refinance through the arrangement of conventional longer-term loans – means that new borrowings of $2bn annually would reduce the debt service ratio to 24 per cent by 1992-93.

Mr Hidouci conceded that the government was facing a number of practical difficulties in attempting economic, political and social reform.

The central bank report describes the Algerian economy as being at a critical juncture. It concludes that the economy can enter a virtuous circle but that circle would fail to operate "if Algeria's access to capital markets remains blocked by creditors' policies".

Despite this, the issue preoccupying some bankers at the meeting was one of political risk given the victory in local elections this month by Islamic fundamentalists.

North agrees to talks on Korean reunification

By John Ridding in Seoul

NORTH KOREA has agreed to send government officials to the border with South Korea next week to resume talks aimed at reunifying the two countries, a Seoul official said yesterday.

According to the official, the two sides will meet on July 3. During the talks, which are the first for five months, Mr Song Han Ho, South Korea's vice national unification minister and Mr Paik Nam Jun, his North Korean counterpart will try to arrange an unprecedented meeting of their prime ministers.

The two sides had held six rounds of talks when Pyongyang announced in February that it would sever all border contacts in protest against South Korea's annual military exercises with the US.

Both sides say they want reunification of the Korean peninsula, split at the end of the Second World War, but as a pre-condition the North wants the immediate withdrawal of 43,000 US troops currently stationed in South Korea.

Seoul says the two sides should first take steps to restore mutual trust. It wants trade, business ventures and exchanges of visits by members of families separated by the 1950-53 Korean War before it negotiates terms for reunification.

Seoul women factory workers yesterday were shoved, kicking and screaming, into police buses after they staged a protest against union-busting practices, Reuter writes. Six hundred women from seven small companies were dragged off by police after a 20-minute sit-in in heavy rain, blocking traffic in the factory district of Kuro-dong, witnesses said. They were protesting against the Labour Ministry's tough steps to crack down on violent worker unrest.

Brand owners urge South Korea to combat fakes

A GROUP representing some of Europe's best known high quality brand names said yesterday that South Korea's attempts to limit the production of counterfeit goods had not been successful and called for stronger measures to protect their trademarks, John Ridding writes from Seoul.

The Union des Fabricants, which represents its members' trademarks such as Chanel, Louis Vuitton, Cartier, Rolex, Dunhill and Christian Dior, said that despite a substantial increase in the number of investigations and seizures of counterfeit goods in South Korea, these actions "have not translated into expected results at the level of sales to the consumers".

According to UDF, the lack of systematic seizures at the retail level, non-deterrent sanctions and penalties and insufficient control are "the main reason for the present alarming situation".

A spokesman for Luis Vuitton said that Korea was the world's largest manufacturer of imitations of the company's products and that it exported counterfeit products to the US, Japan and South East Asia. "It is an attack on our image, which reduces the power of our trademark and makes customers switch to other brands."

The UDF called for a series of measures to improve protection of their tradmarks. These include the systematic confiscation and destruction of counterfeit goods, the extension of Korean task force crackdown operations towards retailers, stricter application of criminal sanctions as laid down by Korean laws and regulations and special emergency measures for the Itaewon district, an area of central Seoul renowned for the sale of fake goods.

Quake rescue hopes fade

RESCUE workers struggled yesterday to reach remote villages in north-west Iran but with virtually no hope of finding survivors from last week's earthquake, Reuter reports from Tehran.

In Tehran, praise for the international response to the disaster overshadowed the radical opposition to foreign aid.

Tehran Radio said 127 aircraft carrying supplies and medical and search teams from abroad had arrived by midnight on Monday.

"The timely presence of foreign forces with advanced and complete equipment has been effective in search, rescue, treatment and burial of the victims," Interior Minister Abdollah Nouri said. "We have no problem...in using humanitarian aid from foreign countries."

Foreign relief officials said there was little hope of finding more survivors five days after the earthquake struck villages and towns across 11,000 sq km killing at least 50,000.

Israel plans crash homes programme

By Judy Maltz in Jerusalem

ISRAEL is proposing to import 40,000 prefabricated homes to cope with the massive influx of Soviet Jewish immigrants.

Mr Ariel Sharon, the Housing Minister, also wants to build 7,000 flats a month starting in December.

Presenting the programme, Mr Sharon asked a ministerial committee to grant him emergency powers to bypass laws and speed up the building process.

Despite forecasts of 150,000 Soviet Jewish arrivals this year, the Housing Ministry has only begun constructing 6,000 flats. Mr Sharon intends to call on foreign contractors to help in the huge building programme.

Most of the construction will take place in the less populated areas of the Galilee and the Negev desert.

Mr Sharon yesterday told the assembly of the Jewish Agency, which helps settle immigrants, that he had received proposals from several hundred foreign manufacturers of prefabricated homes and had already ordered 3,000 homes.

The question of importing prefabricated homes has sparked controversy in Israel which is likely to delay approval for Mr Sharon's emergency plan.

The Finance Ministry opposes the idea, fearing it will create slums. The powerful Histadrut labour federation has warned the Housing Ministry that imports would cost jobs at home.

A joint committee of the government and the Jewish Agency yesterday approved a $2.3bn budget to finance the absorption of 150,000 Soviet immigrants in each of the next three years. The bulk of the money will be spent on housing and jobs for immigrants.

● Mr David Levy, in his first public statement as Israeli Foreign Minister, yesterday reiterated the hardline stand of his Likud Party rejecting key elements of a US-brokered proposal for Israeli-Palestinian peace talks.

Mr Levy said he would not agree to negotiations with any Palestinian delegation that included people deported from the occupied territories or residents of Jerusalem.

Sharp differences on this between Labour and Likud brought down the national unity government in March.

"I am for Israel saying yes to Baker and no to the PLO," said Levy. He was referring to the US Secretary of State's plan to hold peace talks in Cairo.

Good monsoons bring years of plenty for corporate India

As V P Singh's government inches one of the world's most regulated economies towards liberalisation, **David Housego** finds industrialists already have plenty to smile about

INDIA'S industrialists have a broad grin across their faces. For all the uncertainties about government policy and doubts about the stability of Prime Minister V P Singh's administration, the better managed Indian companies are bathing in the longest corporate boom since independence.

According to DSP Financial Consultants, one of the largest Bombay brokerage houses, after tax profits of the 426 most-traded companies on the Bombay stock exchange – by definition excluding India's multitude of ailing concerns – rose by 74 per cent in the six months to March.

Mr Hemendra Kothari, DSP's chairman, says that second half results during the last financial year were better than first. But he expects average profits to be up 45-50 per cent for the year as a whole – and the current financial year to be good as well.

Mr Gerry Rao, Citibank's vice-president in Bombay, says: "It has been difficult to do badly in business over the last four to five years." Mr Ratan Tata, expected soon to take over as head of Tata's, the country's largest industrial group, says modestly of the group's performance last year: "The business environment has been rather buoyant. Telco, the Tata subsidiary which is India's largest vehicle manufacturer and of which Mr Tata is also chief executive, last week announced a 74 per cent increase in pre-tax profits.

Some sectors over the past year have done less well reflecting excess capacity (tyres and cement) or a government squeeze on imported components (televisions). But the Bombay index of the 30 most sensitive shares traded on the Bombay stock market, which had dropped into the doldrums shortly after Mr V.P. Singh came to power, has climbed this week to a new high.

Over recent months industry has benefited from strong consumer demand with sales of refrigerators, scooters and motor-cycles, textiles, soap and detergent all booming. This reflects the extra purchasing power that two good monsoons – with a third reasonably good monsoon in prospect this year – has put into farmer's pockets.

The growing wealth and power of the farming lobby – visible in the high profile dramatics of Mr Devi Lal, the farmers' leader and deputy Prime Minister – are an increasingly important social and political phenomenon in India.

But the strong consumer demand also comes from India's increasingly vocal middle class variously estimated at between 100m and 200m. Industry believes that demand for consumer durable goods is now growing at 8-10 per cent a year.

Other longer term factors that have come into play in boosting corporate profits are that industry is now beginning to reap the advantages of economies of scale, improved technology and a better control of costs that came with the first wave of liberalisation in 1985. They also benefit from India still being one of the most protected markets – meaning that companies can sell products that are below international standards at above international prices.

None the less an increasing number of companies are seeing sales and profits boosted as well by exports. Mr Rao of Citibank says: "Every one of our clients has some realistic export plans." The substantial incentives offered by the Indian government have made foreign exchange earnings increasingly attractive – even if many companies export at a cash loss.

For most Indian industrialists the benefits from these factors have outweighed the uncertainties from the ambiguity of government economic and industrial policy and the reluctance of a weak administration to take decisions. Some of these ambiguities have been removed with the announcement by Mr Ajit Singh, the Minister for Industry, of the government's new industrial policy.

The real importance of this is more in the continuing momentum that it gives to liberalisation than in the actual impact of the measures themselves." This government is as much for liberalisation as the previous government (of Rajiv Gandhi)," says Mr Rahul Bajaj, the chairman of Bajaj Auto, the scooter manufacturers. "But both keep the economy the most regulated in the world."

The main impact of the new measures will be on small and medium sized companies which will no longer require licences for investment up to Rs250m (£8.4m) and up to Rs750m in backward areas. Large industrial groups and foreign companies were explicitly excluded from this de-regulation – though Mr Ajit Singh said the government intended to do more for them as well. The government has also eased controls on technology and capital goods imports.

Liberalisation is welcomed by industrialists Rahul Bajaj (left) and Ratan Tata (centre), but socialist economist Chandra Shekar warns of the dangers of abandoning planned development

The surest sign that the shift in emphasis should be taken seriously is that it has brought an outcry from the government's socialist supporters, including Mr Chandra Shekar, a leading opponent of the Prime Minister and an influential power broker in his National Front coalition. A group of 11 socialist economists condemned the new industrial policy as "a leap in the direction of liberalisation ignoring the logic of planned development."

So far Mr V.P. Singh has stuck to his guns. In remarks last week that showed an increasing awareness of global economic realities, he said that India must gear itself to meet the challenges of world competition. "If it does not, it will be left behind," he declared.

The government's change of tone still does not seem to have removed the apprehensions of foreign investors – who are worried not only by the normal 40 per cent equity ceiling they are allowed in India but also by bureaucratic delays, political uncertainties, and the violence in Kashmir.

Foreign investment – already only $250m last year – has dropped further. In an effort to reverse the trend the government is giving far clearer signals that foreign investment is welcome. It also hopes to clear up misunderstandings in the coming days over its recent announcement that approvals for foreign investment will be automatic for foreign companies under the 40 per cent ceiling by publishing a full list of industries in which this will apply.

Over the longer term the real worry of Indian industrialists is that Mr Singh's administration could fall apart through in-fighting among its factions – thus resulting in another period of political instability. Mr Deepak Parekh, managing director of the Housing Finance Development Corporation and a director of many companies, sees political uncertainty as the major factor now deterring further private sector investment.

Fang still a patriot

Chinese dissident Fang Lizhi, freed by a government apparently eager to improve ties with the West, said yesterday he will continue to work for "progress and development" in China, AP reports from London.

Fang and his wife, Li Shuxian, arrived in Britain on Monday night after being allowed to leave their refuge in the US embassy in Peking. The couple sought refuge there after the crackdown on the democracy movement in June last year.

UK NEWS

Development to exploit Wytch Farm oil reserves in English Channel waters

BP assessing plans for artificial island

By Steven Butler

BRITISH PETROLEUM is moving forward with plans to build an artificial island to exploit 100m barrels of oil reserves underneath Poole Bay, off the coast of Bournemouth.

The company said yesterday it had shelved five other development options while concentrating study efforts on the island concept. A final decision would depend on the outcome of the studies.

The announcement follows recommendation of the Standing Conference on Oil and Gas Exploration in the English Channel, representing a group of local authorities, which provisionally endorsed the artificial island concept on Monday pending resolution of a number of outstanding questions.

The oil reservoir is an offshore extension of the Wytch Farm oil field, which lies underneath Poole Harbour and is exploited from onshore and island wells.

There is little outright local opposition to the development but there is widespread concern that BP not damage the local fishing or tourism industries, and that it not cause harm to sensitive environmental areas.

The artificial island is preferred by most because it is seen to offer better protection against an oil spill and would not require a 500 metre exclusion zone for ships, as do other options. An island could also be made to blend in visually with the surroundings. Fishermen hope the island could be clad to provide breeding grounds for fish and shellfish.

● British Petroleum is to spin off its Venture Research unit, which funds pioneering research by academic scientists, *Clive Cookson writes.*

The unit will form the nucleus of a new company, Venture Research International. BP hopes four or five other large international corporations from different industrial sectors will join it as shareholders in the company.

Savings ratio up as personal incomes rise

By Peter Norman, Economics Correspondent

BRITAIN'S saving ratio bounced back above 6 per cent in the first quarter of this year but the recovery appeared to reflect a strong rise in personal incomes rather than a revival of thrift.

At the same time, figures released yesterday by the Central Statistical Office pointed to a deterioration in the financial position of industrial and commercial companies.

Although companies' gross trading profits net of stock appreciation rose by a seasonally-adjusted 1.9 per cent to £16.77bn in the first quarter, they were 2.9 per cent lower than the year before.

The financial deficit of companies rose to nearly £7bn from £5.79n the quarter before as dividend payments and investment outlays rose. A sharp fall in the company sector's net borrowing requirement to £3.77bn from £10.82bn in last year's final quarter reflected a sharp rise in companies' liquid and other financial assets rather than any cut in their bank and other borrowings.

Mr Peter Spencer, UK economist of Shearson Lehman Hutton, the stockbroker, said: "There is a tremendous contrast between the personal sector and the company sector: it's a story of personal affluence and company squalor."

While acknowledging that the company data are provisional and include a large £8bn "balancing item" to reconcile known financial inflows and outflows, he said yesterday's figures suggested that Britain's companies had become more vulnerable to economic shocks.

At the Treasury, officials described the latest company figures as puzzling. However, they greeted the first quarter recovery in savings as good news for Mr John Major, the Chancellor of the Exchequer, following last week's disclosure of a fall in the current account deficit between April and May and the weekend industrial trends survey which pointed to a decline in inflationary pressures in manufacturing.

The CSO reported yesterday that the savings ratio increased to 6.1 per cent in the first quarter from 5.6 per cent in the final 1989 quarter and 4.3 per cent in the first quarter of last year.

The ratio, which measures personal saving as a percentage of total personal disposable income, has oscillated between 5.6 per cent and 6.1 per cent since mid-1989 compared with between 4 per cent and 4.5 per cent in the previous 18 month period.

However, the increased saving appeared to reflect strong income growth rather than any cut in consumption. At current prices, total personal disposable income increased by 3.1 per cent in the first quarter compared with the previous quarter and was 11.4 per cent up on the first quarter of last year.

City regulators investigate alleged share dealing ring

By Andrew Freeman

CITY of London regulators are investigating allegations that Dunsdale Securities, the investment group which collapsed earlier this month, was the centre of an illegal share dealing ring.

At least two individuals have been suspended from their jobs in leading city firms, but the number involved is thought to be higher.

Dunsdale was suspended on June 6. It is now the subject of a Serious Fraud Office inquiry over the loss of up to £20m of clients' funds. Mr Robert Miller, its managing director, is in custody charged with dishonestly obtaining funds. He is due to appear in court for the second time on July 17.

The two suspended individuals were working for Swiss Bank Corporation and Barclays de Zoete Wedd Asset Management. However, others are thought to have been suspended at at least one other major securities house.

A share dealing ring is an informal agreement among individuals at different securities houses to pool price sensitive information with a view to profiting illegally by trading on their knowledge.

BZW Asset Management said that a leading fund manager had been suspended, but declined to elaborate. SBC said that a senior employee in the bank's equities group left the bank last week. An official said he had left by mutual consent.

SBC is known to be among Dunsdale's creditors and is believed to be trying to recover money it lost as a result of an equity transaction with the investment firm involving millions of pounds worth of shares in Reuters. The amount lost by SBC is said to run to several hundred thousand pounds. The employee was associated with SBC's dealings with Dundsale. However, the bank declined to elaborate on his role and said that it had no evidence to suggest that the former employee was involved in a share dealing ring.

Chief Inspector Gale, the police officer in charge of the Dunsdale inquiry said: "It is extremely early days, and we have no comment to make. We don't know if there is a dealing ring or not."

The dealing ring inquiry centres on share accounts held by Dunsdale.

The share accounts, some of which were held in joint names, appear to have been used for a long-running share dealing arrangement involving a technique known as front-running. This is where parties deal in the share market knowing that a large transaction is about to occur which will move prices.

One way it works is when an employee at a fund management company knows the firm is planning to enter the market to buy a block of a particular stock. The employee immediately telephones a broker and does a separate deal, benefiting from any price gain resulting later from the larger transaction.

Such deals are thought to have been routed through Dunsdale by individuals working for at least three City firms. Some of the names are understood to have been found on dealing records left in Dunsdale's office in Park Lane.

Several regulators are known to be involved in the widening Dunsdale inquiry, including the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), The Securities Association and the Investment Managers Regulatory Organisation (IMRO).

Appeal court cancels penalties imposed for building delays

By Charles Leadbeater, Industrial Editor

THE Court of Appeal yesterday threw in doubt the ability of property developers to enforce swiftly penalties against building contractors for the alleged late completion of work.

In a judgment which could have widespread implications for the management of large construction projects, the court cancelled two summary judgments enforcing immediate payments worth about £18.5m from two contractors for late completion of contracts.

The court set aside rulings which were made without a full court hearing by an official referee appointed by the High Court. It said the rulings against Redpath Dorman Long, a steel erector, and Zimmcor International, a US curtain walling contractor, had to be put to a full hearing.

The case, involving alleged late completion of work at the Broadgate development and Beaufort House in London, reflects the mounting tension between developers and contractors over delays on major construction projects.

Rosehaugh Stanhope was initially awarded £8.3m in damages against Redpath Dorman Long for alleged late completion of work on the Broadgate development. Beaufort House Development was awarded damages of £10m against Zimmcor International.

The developers made the claims under construction contracts which said the construction manager, Bovis, could assess the value of late work and determine whether subcontractors were responsible for the delays.

The High Court referee initially accepted the procedure was valid. The Court of Appeal ruled that while Bovis could assess the value of the late work it was not in a position to apportion responsibility.

Government report urges review of discrimination in N Ireland

By Ralph Atkins

A LARGE-scale extension of Northern Ireland's laws against religious discrimination was recommended yesterday in a Government-commissioned report.

Existing legislation on discrimination should be extended to prevent actions by the Government which unintentionally create inequality between Protestants and Catholics – or "indirect discrimination", the report said. The law on racial and sexual discrimination should be brought in line with the rest of the UK.

The report by the Standing Advisory Commission on Human Rights (SACHR) is the second of two studies of discrimination in the province. An earlier report lead to Northern Ireland's Fair Employment Act of 1989 outlawing "indirect" discrimination in employment practices.

The latest report describes indirect discrimination as "objectionable and as inimical to the maintenance of good relationships between the two main sections of the community in Northern Ireland as directly discriminatory legislation and executive action."

An extension to existing laws could prevent public sector housing or Government grants being allocated in a way which creates inequality.

Mr Peter Brooke, Northern Ireland secretary, promised the give the report "very careful consideration".

BRITAIN IN BRIEF

Americans named in Guerin case

Two former colleagues of Mr James Guerin, former deputy chairman of Ferranti International, the UK electronics and defence company, were yesterday held liable with Mr Guerin to pay $189m to two Ferranti subsidiaries they allegedly helped to defraud.

Mr Guerin was at the centre of the arms contracts scandal which forced Ferranti to suspend its shares on the London Stock Exchange in September.

Guerin: alleged fraud

Mr Justice Mervyn Davies awarded a judgement to ISC Technologies Ltd and ISC London plc against Mr Robert Shireman and Mr Lawrence Resch who failed to file any notice of their intention to defend themselves in the action brought by Ferranti following its discovery of the fraud by Mr Guerin and his associates. Mr Shireman and Mr Resch, both US citizens and residents, were respectively finance director and project manager of ISC technologies.

The judgement followed a similar order made against Mr Guerin on June 18, when Mr Justice Hoffmann "struck out" the defence offered by Mr Guerin.

The ISC companies claim that Mr Shireman and Mr Resch were involved in a scheme with Mr Guerin while he was executive chairman to enter into bogus contracts with a number of Panamanian companies.

New business plan in Belfast

Plans for a £30m business and leisure development creating 1,200 jobs in one of Belfast's most deprived areas were unveiled yesterday.

The project, named "Yorkgate", will have a mix of retailing, housing, workshops and leisure facilities on a 16-acre site in north Belfast.

The site was formally a Gallagher tobacco factory and the development is part of a strategy aimed at revitalising the city's northern suburbs.

Yorkgate will have 223,000 sq ft of retail space, incorporating a food court and 8,500 sq ft of speciality market units, a leisure complex comprising a 36-lane tenpin bowling alley, a 10-screen multiplex cinema and a leisure pool, all complemented by 1,400 free car-parking spaces.

The developers are Ewart Co, a joint venture between Ulster-based property group, Ewart, and the Manchester-based Co-operative Wholesale Society (CWS), one of the largest retailers and landowners in Europe.

Profits down at Lloyd's

The pre-tax profits for members of Lloyd's of London, the insurance market, for 1987, the year for which accounts have just been closed under Lloyd's three years accounting procedure, were down to £505m compared to £649m the previous year according to the Association of Lloyd's Members.

The 9,000-strong ALM has analysed the 1987 audited accounts of 355 out of 357 Lloyd's syndicates underwriting to produce an unofficial estimate of total profits for the market.

These show that Lloyd's pre-tax profits have been badly hit by the need to reserve for so-called open year syndicates where the extent of liabilities is too uncertain for a final profit or loss to be declared.

Sizewell project defended

The Government yesterday tried to restore public confidence in nuclear power by ruling out the cancellation of the new power station at Sizewell in Suffolk and arguing that nuclear power will have a central role in combatting global warming.

Mr John Wakeham, Energy Secretary, wrote a letter to the Commons Energy Committee explaining his decision not to cancel the Sizewell pressurised water reactor (PWR) station, which is due to be completed in 1994.

Mr Wakeham's letter compares the £990m that would be saved by cancelling Sizewell now with the cost of building a new gas-fired power station from scratch.
The Energy Secretary said the saving from scrapping Sizewell on this analysis did not justify abandoning the project.

'Useless' drugs sent in aid

Some of the drugs sent to Armenia for victims of the 1988 earthquake were useless or even dangerous, experts say, and they warn of similar problems with emergency supplies now being sent to Iran, according to reports in a British medical journal published yesterday.

The Armenian shipments included pharmaceuticals that came from stocks of expired drugs, and others of a type no longer sold, according to an article in the respected medical journal, The Lancet.

"We know exactly the same problems are happening now in Iran," said Dr. Philippe Autier, an epidemiologist and researcher in public health for the Brussels-based European Association for Health and Development.

Opportunities in cable market

There is a strong potential market for cable television in the UK, according to market research for the Cable Authority, the industry regulatory body.

It shows that householders who say they are certain or likely to buy cable when it becomes available in their areas total more than 8m. Cable franchises cover 115 areas of the UK with more than half the national population, though most of the cable networks have not actually been constructed.

The 8m – 38 per cent of households – compares with 3.8m which say they would opt for Astra dishes receiving channels such as Sky Television and 2m who say they would opt for British Satellite Television, a satellite service in which Pearson, publishers of the Financial Times has a significant stake.

Unions fight to keep members

The Amalgamated Engineering Union has been overtaken by Nalgo, the public services union, as the third biggest union in the country amid a continuing fall in membership among TUC-affiliated unions.

The AEU, which was the second biggest union until it was overtaken last year by the GMB general union, lost 6.5 per cent of its membership between the end of 1988 and the end of 1989 year according to figures submitted to the TUC.

Heysel appeals dismissed

Eleven of the 14 Liverpool soccer fans convicted of manslaughter following the Heysel stadium riot in May 1985 had their sentences increased by a Belgian appeal court.

After four months of appeal hearings, Judge Pierre Van De Walle increased the original three-year prison sentences – 18 months of which were suspended – to four years for seven of the Britons and to five years for four of them.

He also cancelled the 18-month suspensions and upheld a 60,000-franc fine (about £1,000) imposed in April last year.

Tough talking in car industry

Union leaders gave notice of a tough set of negotiations in the UK car industry when they said they would be looking to outpace inflation considerably in pay deals later this year covering 44,000 Rover and Jaguar workers.

Mr Jack Adams, National Automotive Secretary of the TGWU General Workers' Union and lead union negotiator at both companies said: "Jaguar and Rover will need to come up with agreements that improve living standards and recognise efficiency improvements. We are not going to do deals on the cheap."

Mr John Allen lead negotiator for the AEU Engineering Union, said the Ford agreement concluded earlier this year had set a going rate in the motor industry.

Labour attack on timeshare

Mr Nigel Griffiths, the Labour spokesman on consumer affairs, yesterday called on the Office of Fair Trading to wind up the Timeshare Developers Association. The OFT is expected to publish a repot on timeshare operators shortly, and may call for new statutory rules covering the industry.

Mr Griffiths said the TDA was set up in 1987 to respond to criticisms about the industry, but that "undesirable practices continue".

Leading timeshare developers, such as Barratt International and Wimpey Timeshare, had left the TDA "because that have lost confidence in its ability to discipline members who infringe rules," Mr Griffiths said. The Labour Party's recommendations for cleaning up the timeshare industry, including proposals for legislation, are to be announced on Thursday.

Banks to offer new contracts

Banks will be allowed to offer Save as You Earn contracts later this year under provisions in the Finance Bill, Mr Richard Ryder, Economic Secretary to the Treasury, said yesterday.

The provision was outlined in the Budget in March so that approved banks could offer SAYE in line with the Department for National Savings and building societies.

Free market in mobile phones

Mobile communications operators will be free to market their services direct to the public from 1993, the Government announced yesterday. At present, Racal-Vodafone and Cellnet, which run the UK's two cellular networks, cannot contact customers directly but must go through intermediaries known as service providers.

Mr John Major, Chancellor of the Exchequer, yesterday launched the new five pence coin (pictured above) at the Oval cricket ground in south London. The coin, one of the smallest in circulation, is worth about eight US cents or 14.5 West German pfennigs.

LONDON CLUB BOMBING

IRA strikes at a symbol of the UK's ruling class

By Kieran Cooke and Ralph Atkins

MRS MARGARET THATCHER said it all with her first words at a post EC summit news conference in Dublin yesterday. "The summit has to some extent been overshadowed for us by the terrorist bomb at the Carlton Club," she said.

With one bomb the IRA had once again made the headlines. Other issues were forgotten.

The IRA's semtex-fuelled propoganda machine had scored another victory. The Carlton club bombing was not a change of tactics on the IRA's part. The IRA strikes at anyone it regards as supportive of what it calls the British "Crown Forces."

This does not only mean soldiers, whether in or out of uniform, whether based or the Rhine or in the Falls Road. In Northern Ireland it means policemen. It also means building contractors who might be foolhardy enough to carry out work for the security forces. It might even refer to a milkman who delivers to a police station.

In the Commons, the Government again found itself wrong-footed. Late on Monday, after returning from the scene of the bomb, Sir Geoffrey Howe, leader of the House, was anxious to satisfy MPs clamouring for details.

But by next day, Mr David Waddington, Home Secretary, found himself to obliged to make a statement to MP's that he would have preferred not to have made. The Government was responding to an outrage that, if it had happened in Northern Ireland, would scarely make the inside pages in mainland newspapers.

"We must be very reluctant indeed to give unnecessary publicity to the perpetrators of these outrages," Mr Waddington admitted to MPs.

The Carlton Club might not be associated in any way with the military. But it is one of the symbols of the Tory establishment, which, in the IRA's view, supports the continuing partition of Ireland.

A similar rationale lay behind the IRA bombing earlier this month of the home of Lord McAlpine, a former treasurer of the Conservative party and a confidante of Mrs Thatcher.

However, the scale of the IRA campaign has changed. In the 70's and early 80's the IRA caused mayhem with an indiscriminate bombing campaign in Belfast, London, Birmingham and elsewhere. The campaign cost many lives, almost all innocent civilians.

The emergence of Sinn Fein, the IRA's political wing, was one reason the bombing campaign was halted. Civilian deaths - in IRA language "mistakes" - cost Sinn Fein valuable votes.

The IRA also was refining its operations. Massive arms shipments from Libya in 1987 - believed to total at least 150 tonnes - have given the IRA the resources to wage a prolonged on sophisticated terrorist campaign.

The strategy in the past few months has succeeded in bringing IRA activies once more into the consciencesness of mainlanders. Either by coincidence – or design – it has occured as Mr Peter Brooke, Northern Ireland secretary, has made genuine progress towards starting talks on the political future of the province.

A statement on his plans is expected in the Commons early next month. In it, Mr Brooke will outline how three sets of relations will be considered in tandam: between north and south Ireland, between London and Dublin and within the province itself.

The package appears to have satisfied all the province's constitutional parties – not a small achievement after more than two decades of "The Troubles". But throughout Sinn Fein has been excluded; specifically debarred by successive Northern Ireland secretaries. If change is in the air, the IRA must be anxious that its voice is heard.

It still has substantial supplies of Semtex, a light, odourless and highly lethal explosive, at its disposal. The IRA has arms dumps scattered about Northern Ireland, the Irish Republic, mainland Britain and in continental Europe.

Ironically, the IRA seems short of trained operatives who can use such weaponry. The IRA leadership is therefore using the organisation's scarce manpower to full effect by launching attacks at carefully selected targets - whether in Gibraltar, the Netherlands, on railway platforms in Northern England or in central London.

The IRA can thus portray itself as a highly skilled force, liable to strike anywhere at anytime. It is a strategy straight out of any guerilla warfare textbook. Carry out attacks on specific targets, go to ground and then emerge in a completley different location to strike again.

Monday night, as Mrs Thatcher admitted, was the opportune moment for the IRA to gain maximum publicity.

MANAGEMENT

Human resources

Fighting for their corner

Simon Holberton examines the findings of an investigation into European attitudes

"WHY DO PEOPLE LACK THE HUMAN RESOURCES TO REALISE HOW IMPORTANT A HUMAN RESOURCES MANAGER IS?"

The name may have changed but the problem remains the same. Human resource managers, once known as personnel managers, still appear to feel vulnerable and on the margin.

They believe they have a significant role to play in the company – "pivotal" is the word and "value added" the claim – but they are witnessing a devolution of their traditional role, especially in recruitment and training, to line management.

The argument they make sounds reasonable: if a company does not have a coherent approach to its human resources it may not be able to fulfil its business needs. However, it is one which the finance director or the production director could easily make for his area of special interest. In the struggle to be heard, the human resource manager will have to rise above the obvious.

These are some of the impressions gained by reading a systematic attempt to discover what human resource practitioners believe to be the main issues facing them.

The study*, of 6,000 companies and public sector bodies in the UK, France, West Germany, Sweden and Spain, was devised by the consulting arm of Price Waterhouse and Cranfield School of Management, the UK business school. It drew on the resources of leading business research centres in the countries surveyed.

It asked human resource professionals for their responses to questions covering their companies' human resource strategy, its methods and attitude toward recruitment, pay and benefits, training and development, employee relations and flexibility and working patterns. Some of its key findings are:

● Human resource professionals are on the boards of companies (between 60 and almost 90 per cent representation in all survey countries except West Germany), but few are involved directly in influencing or determining their companies' corporate strategy from the outset.

With the exception of Sweden (and Sweden is the exception for most things relating to personnel management), most companies do not have a written corporate strategy.

● Personnel responsibility is increasingly being devolved to line managers, particularly in the training and development of workers and managers.

Line managers' responsibilities have also grown in recruitment and selection and pay and benefits. Their responsibilities have shown a much slower growth in industrial relations, health and safety and workforce expansion and reduction issues.

The report argues that human resource professionals have a role to play in ensuring personnel strategies are applied consistently. But the growth in line management responsibility for key areas of staff development suggests that human resource professionals are being side-stepped in an area which *a priori* would have appeared central to their role.

The Swedes, who score among the highest in questions relating to the relevance of human resource professionals to companies, accept that line management implements training schemes. They see their role as one of listening to managers' demands and designing appropriate programmes. In this way they retain a level of control over in-house training.

The report quotes one Swedish personnel professional: "Customer service skills are really important in modern personnel work and the line managers are your clients."

● Employers across Europe have increased significantly their investment in training, especially for managers and professional staff, though there is little systematic evaluation of training. Training of manual staff received the smallest increase in funding.

But the survey showed up a large lack of knowledge among human resource professionals as to how much their organisations are spending on staff training and development. The French were the best informed and that appears to be because French law requires companies to spend 1.2 per cent of the wages and salaries bill on training.

The survey provides evidence of companies systematically analysing their training needs – between 60 and 90 per cent of respondents said they did this. The demand for training appears to be driven more by the needs of line managers than by human resource professionals initiating training programmes.

The evaluation of training tends to be informal. The most common form of evaluation comes from the responses of trainees and their managers to the particular training experience. Tests and more formal systems are less used.

● During the next three years, the skills employers think they will need most in the coming three years are: people management, computing and technology, business administration and strategy and the management of change.

Managers are currently being trained across a broad range of skills which appear to be for people management. Team building, delegation, *staff communications and* performance appraisal score highly. Possibly reflecting the business opportunities that may come with the liberalisation of markets for goods and services after 1992 the learning of languages scores highly in most countries, with the notable exception of Britain.

Looking ahead, people management is expected to dominate in most of the countries surveyed. In France, Sweden and the UK training managers in the "management of change" is seen as a high priority.

● Variable pay is on the increase in all countries surveyed, with merit pay and individual bonuses the most frequently used incentives.

The report notes that employers are moving away from rigid pay structures. Variable pay packages are on the increase in all countries, especially Sweden and Spain. Fringe benefits are becoming an important part of remuneration in all countries except France.

Profit-sharing is widely available, but predominately to managerial and professional staff. Bonuses, whether individual or group, and performance-related pay are popular in all countries.

The Price Waterhouse Cranfield Report is a thought-provoking document. It argues for a greater role for human resource professionals in shaping and responding to the training and developmental needs of companies. In future it would be useful to see more detail, and less exhortation, on the role of the human resource manager in the company.

In parts the report also needs sharper definition. It talks about "strategy" without really defining its terms. It appears to link human resource *planning* with *strategy* thereby confusing the two concepts; neither has much to do with the other. The charts are very difficult to read and interpret and in future need much clearer presentation.

The Price Waterhouse Cranfield Project on International Strategic Human Resource Management, Cranfield School of Management, Cranfield, Bedford, MK43 0AL. £150.

Procuring goods and services overseas

Crown Agents in battle royal

The store with a difference, in the forefront of ensuring official aid donors obtain value for money, faces private competition as it looks to expand, writes **Peter Montagnon**

Tucked away in a nondescript 1960s office block behind Allders department store in the Surrey suburb of Sutton is a different kind of store with a much more international clientele.

If you are a government agency you can go to it for anything from policemen's uniforms to railway locomotives to French readers for your schools. For this is the head office of the Crown Agents, the uniquely British agency dedicated to the procurement of goods and services for the developing world.

Once the butt of scandal for its involvement in the secondary banking crisis of the 1970s, the Crown Agents has come a long way from its original role as the agency responsible for sending men, money and materials from Britain to its colonies. Now it is in the forefront of ensuring that official aid donors obtain value for the money they spend.

In the past couple of years it has picked up two lucrative and high-profile contracts, spending Japanese official aid money in Africa and procuring goods for the Bolivian Government. Altogether its procurement division turns over some £220m a year, though its officials say it is involved, through work on World Bank projects, for example, in business worth a multiple of this. It also manages some £1.5bn in funds for foreign governments, and is actively involved in a range of other fields from shipping to training prison officers.

The crisis years of the 1970s and early 1980s, which culminated in the Sultan of Brunei withdrawing his funds from Crown Agents' management, are long since forgotten, but now the Crown Agents faces new challenges in the battle to develop and expand its unique range of services.

The world-wide movement away from tying aid to procurement of the donor's goods and services, together with other changes in the way in which aid is spent, the 1992 European single market programme and the opening up of eastern Europe all represent opportunities on which it is looking to cash in. But it must do so as a public corporation which is not allowed to deal with the private sector. And it must compete with the private sector for providing services even to the UK Government which owns it.

Senior management at the Crown Agents argue that government ownership is a commercial asset. It lends impartiality and integrity that would not necessarily accrue to a private sector shareholder. Though the organisation is marked down for privatisation, its balance sheet is only £12.2m. A sale would yield little cash to the Exchequer and little political capital to the Government, but would use up precious legislative time in Parliament.

The challenge is thus to retain a sense of purpose and dynamism by working to exploit new opportunities within the present framework. There is no doubt that the high morale and dedication of its staff helps. Last year it was complimented by management consultants McKinsey & Co for its "extraordinarily high 'esprit de corps'." Its 850 employees clearly derive a great deal of satisfaction from the quality of service they are encouraged to provide.

The question is how this can be harnessed to cope with the challenges that lie ahead. The movement towards privatisation in the developing world could limit the scope of procurement operations as it is not allowed to deal with private sector clients, though the Crown Agents hopes for a rule change on this point.

Similarly, it is subject to the vagaries of aid policy. Last year procurement business on behalf of the Overseas Development Administration declined because of Britain's decision to untie more of its aid, particularly to Nigeria where assistance was channelled through that country's foreign exchange auction scheme. This meant there was less work for the Crown Agents because successful bidders at the auctions were responsible for spending the money themselves.

Crown Agents was able to offset this through its work for Japan and Bolivia. The expectation is that more European Community aid will be untied in connection with the single market of 1992. This could mean more work for the Crown Agents as long as the money is spent as programme aid rather than balance of payments support through foreign exchange auctions. The Commission itself is administering Ecu10.8bn in aid over the next five years under its new Lome IV Convention with African, Caribbean and Pacific developing countries. The previous convention allocated only Ecu7.4bn to the European Development Fund.

Part of its marketing pitch is that its public status will allow it to pass on discounts it receives from suppliers to its customers

To help it win business in Europe, the Crown Agents has been one of the first organisations to establish a European Economic Interest Group, a new corporate vehicle, akin to a partnership, established by the Community last year to encourage cross-border collaboration in Europe. It is managing the partnership which groups procurement specialists in Spain, Italy, the Netherlands, Denmark, Luxembourg and France.

Part of its marketing pitch is that its public status will allow it to pass on discounts it receives from suppliers to its customers. Another is the range of services it provides.

Crown Agents will not only manage customers' money and make payments on their behalf. Though it is not allowed to undertake risk on its own account, by guaranteeing letters of credit, for example, it does provide payment services and has decided to place itself under Bank of England supervision as if it were a bank. It also provides shipping services and technical co-operation. This currently includes helping Thailand to computerise its tax collection system with a possible view to the introduction of value-added tax.

The idea is that the customer can tailor-make his own package of services and that the provision of one type of service can lead to another. For example, east Europe may eventually offer procurement possibilities, but the Crown Agents is currently concentrating on training schemes for manpower development in Poland and Hungary.

Getting the quality right, according to Peter Berry, Crown Agents managing director, means sitting down with customers and finding out exactly what they want. It also means ensuring that when goods finally arrive at their destination, they are in working order. Shipping a consignment of £5m worth of drugs to Nigeria earlier this year involved not only ensuring that the goods were properly assembled and packed in cool containers. Greenshields Cowie, the Crown Agents shipping subsidiary, also had to help Nigerian hospitals modify their storage facilities to hold the drugs on arrival.

To a commercial eye, the net result is a hotch-potch of services with apparently little attention paid to which part of the business is actually generating the most profits.

However, it is a product range that the private sector would find hard to duplicate, and Berry and his team are confident of its marketability. The proof of the pudding is not only the Crown Agents' success with its Japanese procurement programme, but also that customers remain loyal in spite of the fact that the fees for individual services are not the lowest in the market.

Mr Berry himself joined Crown Agents from Chillington, the former Anglo-Indonesian Corporation, in 1982 as its Director for Asia, becoming Managing Director in 1988. He started his career in Borneo with the trading company Harrisons & Crosfield, where he says he was "very much a trader in the Chinese bazaar."

Someone who can survive in that sort of market can survive anywhere.

TECHNOLOGY

Motorola takes the low road

MOTOROLA, the US electronics group, yesterday unveiled an ambitious $2bn (£1.2bn) plan to provide worldwide mobile communications from 77 mini-satellites. The group said the system would be ready by 1996, provided a host of regulatory and financial hurdles can be surmounted.

Motorola plans to provide much of the equipment for the system and to take an equity stake in its operation. But it said it would be looking to create a consortium, made up of the world's phone companies and satellite groups such as the International Maritime Satellite Organisation, to finance most of the project.

The main technical feature of Motorola's plan is its decision to use low orbit satellites. Whereas most telecommunications satellites are 22,000 miles from the earth's surface, giving them the appearance of being stationary because they orbit the earth at the same speed as the earth is turning on its axis, the US group is planning to launch its constellation of satellites at a height of 413 nautical miles.

The advantage of low orbit satellites is threefold. First, Motorola needs no permission to launch the satellites into the skies unlike geostationary satellites for which there is an internationally agreed regime.

Second, because they are closer to the earth's surface, they can operate with less power. Motorola is holding out the prospect that people will be able to use handsets the size of current cellular phones.

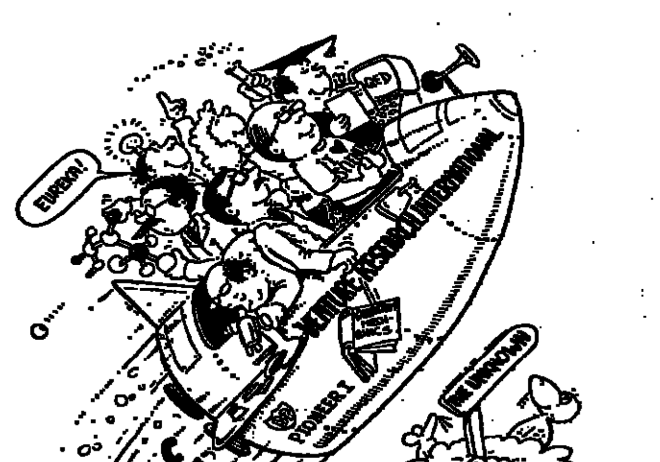
Third, by having 77 satellites, the system will be able to use the scarce radio spectrum more efficiently. Each satellite will project 37 cells with a diameter of approximately 360 nautical miles on to the earth's surface. The radio frequencies will be re-used in each of the almost 3,000 cells.

However, Motorola's Iridium system will not be as efficient in using the spectrum as land-based cellular mobile systems. These can support cells with a diameter as small as two miles, meaning they are better suited to densely populated areas.

Hugo Dixon

Clive Cookson describes why BP Venture Research International supports speculative science

A reward worth the gamble



One of the world's most imaginative corporate research programmes, BP Venture Research, is to be converted into an international research fund independent of British Petroleum. Other corporate sponsors are being invited to join the programme; Sony, the Japanese electronics company, is first on the list.

For the last 10 years, BP Venture Research has funded speculative "blue-sky" science in any field. The work need have no relation to BP's oil, energy and chemical businesses – indeed no foreseeable industrial application at all.

Don Braben, head of Venture Research, says the programme concentrates on "the small proportion of scientists of outstanding ability who are credibly challenging conventional wisdom." Their ideas are too unorthodox to be funded by corporate R&D departments or by public agencies such as the UK Science and Engineering Research Council and the US National Science Foundation.

The formation of Venture Research International was announced yesterday at the 10th anniversary Venture Research Conference in London. "For some years the belief has been growing that Venture Research will not realise its full potential until it is associated with a wider range of industrial expertise than can be provided by one company alone," said Braben.

BP will transfer the portfolio of research and intellectual property rights built up by its Venture Research unit to the international fund. BP will then become a corporate shareholder in the fund, along with "a small number of major corporations whose interests together span the entire industrial spectrum."

By the end of next year Braben hopes to have four or five shareholding companies which do not compete with each other to any substantial degree. There might be one major company from each of the energy, pharmaceutical, agricultural, electronics and other manufacturing sectors.

Venture Research is not expensive by the standards of corporate R&D. Braben's unit currently spends $5m a year to support 26 individuals or small groups of scientists. He does not expect the total to grow to more than 40.

"The BP Venture Research Unit underspent its budget in every year of its 10-year history," says Braben. "We've never been strapped for money but we have been strapped for ideas." Only a few per cent of proposals received have been judged to offer a sufficiently novel view of the world to be worth supporting.

The unit avoids time-consuming procedures such as "peer review" which are normally part of the grant-giving process. Braben and his four professional colleagues in the unit make up their minds quickly whether to fund a proposal.

Braben says, for example, that he took just 10 minutes to decide that two botanists, Mike Bennett and Pat Heslop-Harrison, should receive support to investigate the three-dimensional structure of the genetic material (chromosomes) in cells.

Although thousands of scientists worldwide were unravelling the chemical sequence of DNA (genes) within chromosomes, almost no one had looked at the arrangement of chromosomes within the cell nucleus. The general impression was that the chromosomes were distributed randomly inside the nucleus "like spaghetti in a saucepan," says Bennett, who recently moved to Kew Gardens as head of the Jodrell Laboratory.

Bennett and Heslop-Harrison had observed that the arrangement of chromosomes in certain cereal hybrids was non-random. They wanted to pursue that discovery by looking at other plants and animals including humans. As botanists who wanted to work on human cells, they could not get a grant from a conventional research agency.

But their £100,000 a year Venture Research grant has enabled them to develop new techniques for investigating the structure of cell nuclei and start to apply them to human genes. Preliminary results show that there is indeed a non-random pattern in the distribution of human chromosomes, which may have important medical implications.

Many scientists who receive Venture Research funding are outspoken in their admiration for Braben and his unit. "They are helping scientists to stress the unifying principles of science, at a time when it is becoming far too fragmented," says Bennett.

"We were turned down by the Science and Engineering Research Council for our work on ionic liquids because it was too 'speculative' – and that's a word of damnation in science today," says Ken Seddon of Sussex University. "Venture Research is doing what governments should be doing: funding speculative research."

In the long run, sponsoring companies can expect a substantial – though highly unpredictable – commercial and industrial return from their investment in Venture Research. The most valuable spin-off so far is a new type of medical diagnostic kit, the Amplified Enzyme Linked Immuno-Assay invented by Colin Self at Newcastle University, which emerged from a Venture Research project on enzyme control systems. It was commercialised by IQ Bio, a Cambridge biotechnology company which is part of Novo Nordisk, the Danish pharmaceutical group. "We believe its value now greatly exceeds all investment in Venture Research to date, which has been some $20m," Braben says.

Although BP chose not to develop Aelia itself, because it did not fit in with any of its businesses, BP is exploiting some other Venture Research projects. For example BP Chemicals is closely involved in Oxford Chirality, a company set up by Steve Davies of Oxford University. His Venture Research project led to a small artificial enzyme which can selectively make "chiral" compounds – the left-handed or right-handed form of chemicals that can exist as mirror images.

In the five years since Davies started his Venture Research, chiral or "asymmetric" synthesis has emerged as a hot field of chemical research, of great significance for the pharmaceutical industry. This month the UK Government launched a £7m research programme for asymmetric synthesis, under the Link initiative, and Davies can expect to receive funding from it. But he will still depend on Venture Research to jump forward intellectually.

UNDER BP, Venture Research has covered a wide field, from advanced mathematics to biology. Although the projects are self-contained, some are linked by informal themes.

One theme is "chemistry in novel environments." Most reactions take place between chemicals dissolved in a molecular liquid (water or an organic solvent). Venture Researchers are investigating the effect of carrying out reactions in different media.

Ken Seddon at Sussex University is doing chemistry in an ionic solvent. He uses a novel range of room-temperature ionic liquids, sometimes known as molten salts.

Seddon says these "super-solvents" will dissolve almost anything, apart from the glass vessels he uses to hold them. Yet at the same time they are remarkably gentle. "They have a remarkable stabilising effect and slow the chemistry right down."

Martyn Poliakoff at Nottingham University is working with a quite different type of solvent: supercritical fluids, which combine the properties of gases and liquids.

Poliakoff is experimenting with chemical reactions in supercritical xenon and carbon dioxide. One advantage of xenon as a solvent is that hydrogen or nitrogen gas dissolves very readily in it. He has made unexpectedly stable metal complexes of hydrogen and nitrogen by carrying out reactions in supercritical xenon at room temperature.

But Seddon and Poliakoff are still in the very early stages of doing chemistry in novel environments and, like many other Venture Researchers, they feel that the main industrial spin-offs from their work may not emerge for several years.

How to get ahead in IT

If you want to be succesful in the information technology business, do not have children and study arts rather than sciences. And it could help if you are a man.

Those are some of the lessons filtering through from a survey into the role of women in today's IT industry. The survey was conducted by the UK's British Computer Society (BCS) and the Women in Technology Foundation

One of the aims of the survey, which comes at a time when employers are finding it difficult to recruit qualified IT staff, is to provide companies with information to help them attract more women.

The survey, sent to the 2,000 female members of the BCS, threw up three surprising statistics, says Carol Beech, head of member services there.

● A high proportion – 46 per cent – of the 750 female BCS members who returned the questionnaire had no children. Given their age range, between 25 and 45 years old, Beech believes the only conclusion to be drawn is that "these women are making a conscious decision not to have a family." A glance at the salary statistics shows one possible reason why: a career break is equivalent to reducing your salary by at least £10,000 per year.

● People with arts rather than science degrees fared better in the salary stakes. The most likely salary for a science graduate employed in the computer business – computer operators, programmers, systems analysts and managers – is £16,000-£20,000. If you have an arts degree the average salary rises to £21,000-£25,000 a year.

The problem is that very few arts graduates ever go into computing – just 10 per cent of the BCS sample came from an arts background. "When you go to careers conventions the teachers always say 'these are our science groups over here'," says Beech. "The perception of IT has got to change."

● One of the big advantages for employers of appointing women is that they change jobs less frequently than men. Of those responding to the survey nearly 44 per cent said they planned to stay in their current job for at least nine years, a staggering statistic in an industry where staff move, on average, every two years.

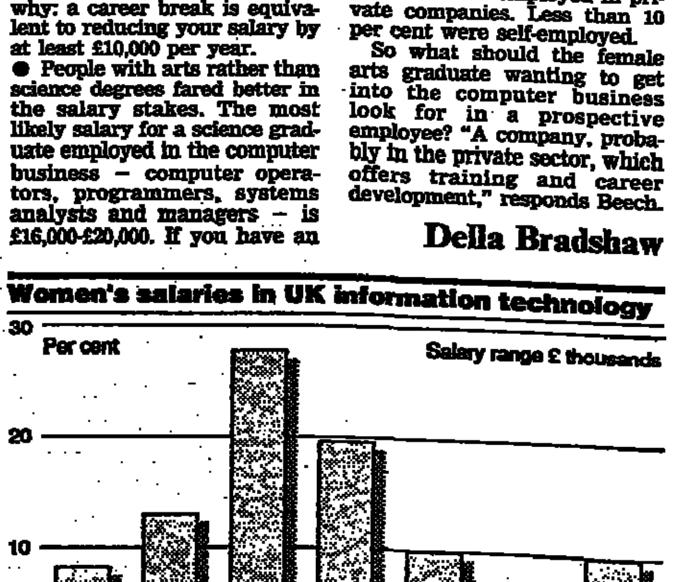
For women who do persevere there are rewards: many of the women in the BCS sample had achieved high positions. The largest group of respondents, 35 per cent of them, were in management or project management or were lecturers. A further 30 per cent were analysts or programmers.

Most women who responded to the survey favoured working in the private sector – 50 per cent were employed in private companies. Less than 10 per cent were self-employed.

So what should the female arts graduate wanting to get into the computer business look for in a prospective employee? "A company, probably in the private sector, which offers training and career development," responds Beech.

Della Bradshaw

Women's salaries in UK information technology



Source: British Computer Society / WIT

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FT LAW REPORTS

Dubai bank has capacity to sue

DUBAI BANK LTD v GALADARI AND OTHERS
Chancery Division:
Mr Justice Morritt:
June 19 1990

THE PRINCIPLE of abstention from enquiry into the validity of sovereign acts does not preclude the court from inquiring into the validity of statements made by foreign government officials, unless the object of the action is to determine the constitutionality of their law; and accordingly, where the question is whether a foreign company exists so as to have capacity to sue, official certificates are not conclusive as to the meaning and effect of the foreign law, and the court will weigh the evidence of experts in the field.

MR JUSTICE MORRITT so held when declaring on a preliminary issue that the plaintiff, Dubai Bank Ltd (DBL), had legal status and capacity to sue the defendants, Mr Abdul Rahim Galadari, Mr Abdul Latif Galadari and others, for recovery of sums allegedly fraudulently converted to their own use.

HIS LORDSHIP said that until 1971 the emirate of Dubai was an independent sheikhdom.

By decree dated March 21 1970 DBL was established as a *limited liability banking company* subject to Dubai law.

Of the 86,868 founder shares, 58,293 were subscribed by the Galadari brothers.

In 1971 the United Arab Emirates was formed as an independent sovereign federal state. It consisted of a number of emirates, including Dubai. DBL's corporate existence and capacity were unaffected by creation of the Union, but it could be affected by Union legislation.

Law 8/1984 was enacted by the Union in 1984. Article 5 set out seven types of permitted company. Article 6 provided that a company which did not take one of those forms was void.

Article 325 required companies existing when the law came into force to comply with its provisions within one year from its effective date.

The Galadaris and other founder members of DBL sold their shares in April 1985. They ceased to have any responsibility *for compliance under* article 325.

On February 16 1985 the compliance period was extended by one year to December 31 1986.

In 1988 Law 13/1988 repealed article 325 and required companies existing when Law 8/1984 came into force to comply with the terms of the Law within two years.

On March 11 1989 Mr Hamdi Abdul Majid was designated the competent authority in Dubai for the purposes of Law 8/1984 as amended. On March 6 1990 he issued a certificate stating the "DBL is a validly existing and incorporated company in Dubai which has continued in existence from the date of its incorporation".

On March 13 1990 the Ministry of Economy and Trade issued a certificate stating that *Law 8/1984 had been suspended* from July 14 1984 until January 8 1989, and that under Law 13/1988, companies had a fresh two year period commencing January 8 1989 and expiring January 7 1990, in which to "amend their position in accordance with the law".

By writ dated March 14 1989 DBL sought to recover from the Galadaris substantial sums alleged to have been fraudulently converted to their own use.

The question was whether DBL had any legal status or capacity to commence and maintain the action.

The Galadaris claimed that DBL ceased to exist on January 1 1987 on the ground that it had failed to comply with Law *8/1984 by the end of the compliance* period, namely December 31 1986.

They claimed that by the time Law 13/1988 was enacted, DBL had ceased to exist, so that the extended period for compliance permitted by that Law was not available to it.

Each side was limited to one expert witness. Both were qualified to give evidence on the aspects of foreign law involved. There was no justification for preferring the evidence of one on all aspects of the case. On each disputed issue their evidence would have to be weighed by the court in the ordinary way.

DBL raised a number of points preliminary to the question of the meaning and effect of Law 8/1984.

The first question was whether the certificates of the Minister and Mr Majid were conclusive. If they were, DBL must be treated as being in existence.

In the case of the Minister's *certificate, extension of the* article 325 compliance period to January 8 1989 would mean that DBL existed on that date, and was entitled to the further period permitted by Law 13/1988. In the case of Mr Majid's certificate, non-implementation of Law 8/1984 would mean that articles 6 and 325 never applied to DBL so it could not have become a nullity.

DBL relied on *Duke of Brunswick (1848) 1 HLC 1* which was approved and applied by the House of Lords in *Buttes Gas v Hammer [1982] AC 888*. There the Lord Chancellor said "if it is a sovereign act, then whether it be *according to* law or not according to law, we cannot enquire into it".

The case was clear authority for the proposition that the court could not enquire into the validity of acts done in a sovereign capacity.

But it was not authority for the proposition that the court could not enquire into the legal validity of an act done by a citizen purporting to act on behalf of the sovereign state.

In *A/S Tallina Laevauhisus (1947) 80 Ll LR 99,114,115* the court held it had not been established that the plaintiff company had ceased to exist under a new constitution. That case was clear support for the Galadaris. In *A-G v Buck [1965] Ch 745,770* two members of the court recognised that the validity of a foreign law might come into question incidentally.

Those two cases amply supported the statement in *Dicey and Morris 11th ed page 112* that "there may be circumstances in which foreign legislation may be held by the English court to be unconstitutional under the foreign law. But the court will not entertain an action the object of which is to obtain a determination of the constitutionality of the foreign legislation".

Accordingly, the certificates of the Minister and Mr Majid were not conclusive. The object of the action was not to obtain a determination on constitutionality. Their acts and statements could not affect the law the court must apply unless the constitution or some other law of the Union or Dubai provided they should.

Second, DBL relied on the Dubai Law of Evidence 1971, which provided for certain official documents to be conclusive as to their contents. Under article 6(1)(a) of that Law "official documents . . . shall be given effect to, unless they are proved to be forged".

The article provided that the document was admissible with*out further proof, but it did not* provide that it was conclusive evidence as to what was stated therein.

The Law was a general law of evidence which, by definition was not substantive. Its effect was irrelevant to UK proceedings concerned with ascertainment and application of the law of the Union or Dubai.

Third, DBL relied on the same documents and others as proof that implementation of Law 8/1984 was suspended, that the compliance period was extended, and that the law was not implemented in Dubai. It relied on the Civil Evidence Act 1968.

In the English court Union and Dubai law was a question of fact. There was not sufficient evidence to show that the maker of any of the documents had the knowledge or experience required by section 4(1) of the Civil Evidence Act 1972 to render his statement admissible on questions of Union or Dubai law.

The three preliminary points on which DBL relied were rejected.

On the evidence there was no subsequent legislation to suspend the legal force of Law 8/1984, and no resolution was published to extend the compliance period beyond December 31 1986. The court was not concerned with whether Dubai had failed to promulgate laws which it should have done to implement Law/1984.

Accordingly, Law 8/1984 was in force in Dubai from January 1 1985 and the period for compliance allowed to existing companies by article 325 expired on December 31 1986. The Law and article 325 applied to all decree companies in existence on January 1 1985.

The obligation on existing decree companies was imposed by article 325. It was an obligation "to amend their positions in accordance with the Law".

There was no infringement of article 325, so no question arose as to whether DBL failed to comply with Law 8/1984.

DBL did not cease to exist on January 1 1987. Consequently it was in existence when Law 13/1988 came into force on January 8 1989.

At the date of issue of the writ and at all times since, DBL had legal status and capacity to commence and maintain the proceedings.

For DBL: Peter Creswell QC, Charles Purle QC, Ian Geering and Caroline Lewis (Lovell White Durrant)
For the Galadaris: John Griffiths QC, David Hunt QC, Nigel Davis and Peter Clarke (Norton Rose)

Rachel Davies
Barrister

ARTS

Mad Forest

CENTRAL SCHOOL/ EMBASSY STUDIO, NW3

In March this year Caryl Churchill and Mark Wing-Davey, outgoing director of London's Central School of Speech and Drama, followed the world's press to Romania. What they came back back with may well, in its own way in years to come, seem as significant as the miles of documentary footage generated by the extraordinary events of the last few months.

From the confusion and turmoil of revolution, Churchill has shaped a play which has a turbulence and imperfection of its own, but which bristles with the intelligence and insight of a major writer who, one feels, has been in training for just such a challenge.

The apparently disjointed scene structure of *Icecream*, the juggling with audience perspective used in *Serious Money*, are brought blisteringly to bear on the paradoxes of what is emerging as an increasingly paradoxical revolution. In a first half of scenes signalled by phrase-book translations, we are introduced to two families on the eve of the uprising: the Antonescu family are artists, teachers and architects; the Vladus, for the most part, artisans. They are bound by a failed love affair between son and daughter of the houses.

Their personal histories, however, emerge only gradually from the cacophonous bustle of city life: of pro-Ceausescu lectures and anti-Ceausescu whispers in the interminable meat queues; of *fat envelopes handed over for* officially non-existent abortions and the thin excuses of ordinary workers bullied into informing on their colleagues.

When the revolution arrives it does so through the reminiscences of a stageful of citizens who recount, in deadpan tones, their own chronology of events according to where and how they were standing at the time: a glamorous girl student weeps for shame at being locked away from the action by her father; a house-painter tells of the siege on the television station; a flower seller regrets the marriage and premature motherhood that forces her to keep her head down.

After the thrill of the fight come the questions in a third act that mingles real with surreal. A prosperous vampire, drawn by the stench of the revolution, consorts with a mangy dog; Gabriel Vladu lies crippled in his hospital bed, hero of an uprising which quickly loses its glamour in the cold light of the new day. Flavia Antonescu, a teacher, greets the loss of her job with despair at the new uncertainty. Who do we know who can put in a good word for you? "We don't know who we know," she replies.

The jangle of conflicting perspectives reaches a crescendo in a magnificent final wedding scene, which breaks suddenly into fighting and, as suddenly, into dancing again, the muddle of simultaneous conversations reflecting a muddle of interpretations.

Wing-Davey's direction brings out a clarity and conviction in his fine graduate cast that, like the play itself, is at its best in this finale. Apart from the political appropriateness of watching students grappling with the piece (students have, after all, been in the revolutionary front line), one is prompted to wonder if the professional theatre, drained and bleached as it is, could ever have accommodated such an epic.

Claire Armitstead

TELEVISION

Care taken with foreign affairs

You might think that answering the question "How goes foreign coverage on television?" was a pretty straightforward matter but, as soon as you try, one major difficulty becomes *apparent*: what *is* foreign coverage? Sometimes it is obvious. If Martin Sixsmith turns up on *Newsnight*, standing on the bank of the Moskva, with the gilded onion domes of the Kremlin churches behind him, and talks about the problems of the economic revolution being attempted in the USSR, that is foreign coverage. If Joan Bakewell interviews Brooklyn clergymen who are considering carrying guns to defend themselves against marauding crack addicts, that is foreign coverage, even if it does happen to be within a series (*The Heart Of The Matter*) devoted primarily to ethics. When BBC2's *Under The Sun* shows us teenage Palestinians in Jerusalem, looking for all the world like members of the IRA in balaclavas and sunglasses, that is foreign coverage.

But how would you categorise 60 minutes on BBC2 on *Soviet Music*? Some would say it was an arts item, others might argue that a report on the arts in the USSR at this juncture had far wider implications. In the event this programme, the last of four, served mainly to prove that the pretentious twaddle talked in the West about the noise produced by people such as John Cage can be delivered just as lengthily and emptily in Russian. (Surely the eastern Europeans are not going to start off now, of all times, down the blind alley of modernism.) And what about last week's edition of *Burning Embers*? In this Channel 4 series Tony Benn - doubtless soon to be known simply as "Tone" – peers back into history, to a time before he was Anthony Wedgwood Benn, even before he was Viscount Stansgate, and discusses the relevance to us today of past events. Last week's programme took place in Berlin and was devoted to European socialism. Foreign coverage or political reminiscence: who is to say?

The fact is that today, even without counting the material on the satellite channels, there is an awful lot about foreign affairs on British television and, predictably enough, some of it is extremely good and some of it pretty awful. Judging by the output during the last few weeks, the general impression gained over the years still applies: personal and impressionistic reporting from foreign countries is much better suited to television, and consequently far more powerful, than analytical and impersonal reporting.

Thus the BBC1 series on Wednesdays, *Frontiers*, in which eight different people are reporting on the borders between various countries, is proving to be quite outstanding. The reason – apart from the impressive pedigree of the production team, headed by George Carey and Jenny Barraclough – is that the presenters have clearly been chosen not just as journalists but because they care deeply about some particular area. The result has been programmes, so far anyway, which remind you of those documentaries which used to be made by people such as Malcolm Muggeridge and James Cameron.

To have novelist Nadine Gordimer describe the circumstances existing between South Africa and Mozambique is far more telling and more poignant than listening to even the most expert academic on the subject. Re-visiting Maputo, where she spent her honeymoon and took her children for summer holidays, she found an old acquaintance, a waiter, and talked to him both at his home and in the expensive hotel where he works, providing a vivid contrast. Christopher Hitchens, who showed us in Cyprus the sort of absurdities and cruelties which sully so many frontiers was, overtly anyway, less personally involved, though the programme was still an eye opener.

Last week's programme, in which Richard Rodriguez dwelled upon the significance of the border between Mexico and California, achieved something close to poetry thanks to the expression of the painful ambivalence of the narrator's feelings about Mexico and America, Mexicans and Americans. True, the perpetual dying fall of Rodriguez' voice became wearing, but despite that it was a wonderfully evocative and moving, albeit mournful, programme. It left you with a much stronger sense of place than you could get from any number of statistics or any amount of political analysis.

In comic contrast, last week's *Burning Embers* consisted of nothing but political analysis ... at least, I think so, but cannot be sure since my attention was so distracted. The producer apparently lacks all confidence in the ability of his programmes' subject matter to hold the attention of the viewer, so he tricks them out with the most bizarre props and effects. In the first of the series he peered at Tone and the guests through more candle flames than Tony Palmer used in *Wagner*, and in the second he surrounded them with old machinery emitting bursts of steam.

Last week he sat them on a circle of oil drums around an oil drum fire, outside the Reichstag, after dark. Again and again the camera shot across the flames into the dramatically lit faces of the participants. What was Howard Brenton saying? Doesn't his bum look uncomfortable on the rim of that oil drum! Is that Jan Kavan of Czechoslovakia? Is someone feeding the fire when the camera is pointing elsewhere? Never mind that, what is Tone on about now? Just a minute, isn't that flame remarkably regular: could that be a circular gas burner inside the drum? Petra Kelly the German Green seems a sensible sort of person. Surely that's a gas pipe leading away from the fire? Someone else is speaking, but all I can see is the edge of several flags and clouds of smoke – not from the gas flame, must be the director laying down smoke to prove he is there.

The Patzcuaro Lake, Michoacan, Mexico: scene from 'Frontiers, Night and Day'

From *Face To Face* in the 1950s to *After Dark* in the 1980s, it has been shown over and over again that the effectiveness of talk on television is in inverse proportion to the amount of "business" going on around the participants: the less the better. Provided you choose the right people, there is nothing more fascinating on television than the "talking head" and flags and candles speak only of producers who are not really interested in the talking.

Of course that is not the same as saying that all talk without flags or candles is good talk. Channel 4 has a unique weekend magazine programme of foreign material – *The World This Week* – which, though good, would be even better if they stopped trying to cover quite so many subjects and allowed the studio discussions to run closer to their natural length. The presenters are, by today's standards, unusually competent, especially Sheena McDonald who seems to have been chosen not because she is a woman or has a funny accent (she hasn't) but for her intelligence, pleasantness and wide knowledge of foreign affairs. However, she is repeatedly obliged to cut short discussions just as they become interesting in that peculiarly rude and mendacious manner so often used on television: "I'm very sorry, we must move on now ..." The abruptness with which the programme "moved on" from the Japanese spokesman last week was embarrassing even to a thick-skinned westerner.

It would be wrong to leave the impression that personal witness was the only effective form of foreign coverage on television. Tonight's *Dispatches* on Channel 4, made by John Fanshawe, is, in terms of construction, an entirely conventional programme – film, voice-over, graphics, interviews – about Antarctica where, it seems, 25 countries keep "scientific" bases. It also happens to be an excellent piece of work, conveying to the ignorant, such as me, a clear idea of the grubby political manoeuvering occurring in a particularly inaccessible (though large) part of the world.

However, anybody who regularly spends 45 or 50 minutes, the length of many television programmes, reading the foreign material in this newspaper, or in *Granta*, say, must be struck by the greater detail and subtlety which can still be conveyed in print. There was nothing wrong with Saturday's report about the Canadian constitutional crisis in *The World This Week*: with Parti Quebecois leader Jacques Parizeau on the satellite, and a Canadian lawyer in the studio, it conveyed quite a lot in a short time. But if you had to choose between that and Bernard Simon's report in this newspaper on Monday there was really no contest: Simon told you more.

Christopher Dunkley

BOOK REVIEW

The best brought out for Berlioz

BERLIOZ
by D Kern Holoman
Faber & Faber £35, 687 pages

Lovers of Berlioz may sit back and purr with pleasure. Not long after the first instalment of David Cairns's masterly *Berlioz – the Making of an Artist* comes this authoritative critical biography by D. Kern Holoman, professor of Music at the University of California. Another full-length study is promised from Hugh Macdonald. Holoman reveals that the three experts, far from being jealous rivals, have worked together in "an invariably bracing intellectual camaraderie."

Something about Berlioz, man and music, brings out the best in good writers. In this most readable, finely researched book, Holoman, who covers Berlioz's life and work in one volume, holds a delicate balance between the various aspects involved – dramatic events in the life, the music, the shifting background of successive régimes in Paris and, not least, the travels. Italy, the German states, Tsarist Russia and Victorian London, for which Berlioz had an affection returned (with lapses) by press and public, are summoned up in turn.

The old, melodramatic view of Berlioz as a storm-tossed Romantic pursuing unattainable ideals, leading a life of struggle lit by flashes of inspiration, in a world full of malign indifference, gives way to something much more positive. Berlioz did indeed suffer, from personal sorrow, from early privations in Paris and from a good deal of incomprehension and hostility. He slaved at his journalism. He had bitter disappointments to bear in the failures of *Benvenuto Cellini* in Paris and London, and in the procrastinations which meant that he never saw a complete *Trojans* in Paris or anywhere else.

Yet he was not always neglected or badly treated by the bigwigs. He was devoted to his teacher, Lesueur. The morose Cherubini developed respect for him. Spontini, whom Berlioz greatly admired, befriended him. Liszt, a kindred spirit, was a close friend and ally until the shadow of Wagner came between them. And even Wagner had his moments of cordiality. The Paris production of *Tannhäuser* in 1861 was one reason for the Emperor's failure to command *Les Troyens* at the Opéra. Unlike the German princes from whom Berlioz received support and appreciation, Napoleon III had no interest in serious music. There might be political advantage to be gained from sponsoring Wagner. This was not the case with Berlioz. Even the prejudiced Cosima liked *L'Enfance du Christ*, a talisman work that also won praise, right across the musical spectrum, from Brahms.

Berlioz reached a position of great eminence in his lifetime not only as a creative artist but as a conductor (one of the first and most accomplished of this new breed), as a writer and as an able impresario for his own music – he had a remarkable flair for organising and conducting monster concerts of his own and other men's music. This "very honourable and honoured man" as a friendly director of the Opéra described him, had a difficult home life with the once worshipped Harriet Smithson, whom he honourably married, after her fame as a Shakespearian actress had gone and before the brandy bottle had taken its place. He was not always successful in the early years with their understandbly confused son, though later, after Louis had more or less settled down as an officer in the merchant marine, they became good friends. The premature death of Louis, soon after the equally unexpected demise of the second wife, Marie Recio, was a bitter blow in Berlioz's declining years.

There remains an extraordinary discrepancy between contemporary esteem and celebrity of Berlioz (celebrity on many levels and in many lands) and the subsequent neglect of his music, most glaringly in his own country. It remains scarcely credible that his greatest work, the Virgilian *Les Troyens*, would have had to wait until 1990 and the opening of the Opéra Bastille for a (nearly) complete performance in Paris – years after productions in Britain and elsewhere had proved the opera a viable if costly and difficult undertaking. Berlioz had long ceased to be a subject of fashionable adulation or controversy. Since Parisian musical audiences are not very good at listening, the quality of his music hardly counted.

One of the virtues of this volume is the high quality of the design and printing (the original publishers were Harvard University Press, the designer Gwen Flankfeldt). The numerous illustrations, small but clear, are scattered among the letterpress near the relevant material, not squashed into a few pages of art paper somewhere in the middle. Poor-sighted readers may wish that the music examples had been slightly larger, but the book as a whole is a pleasure to handle. Apart from one or two cautious flicks in the direction of Gounod, Holoman's is commendably free from the Higher Snoot that sometimes overcomes writers on Berlioz when they are discussing his lesser contemporaries. Finally, Holoman's descriptive analyses of the small as well as large works provokes a sharp desire to hear more of them – the orchestral songs, for example, and the inexplicably neglected *Funeral March for the last scene of Hamlet*.

Ronald Crichton

'Guillaume Tell' live on Radio 3

John Cox's new production of Rossini's last opera *Guillaume Tell*, which has its première on June 29 at Covent Garden, will be broadcast live on BBC Radio 3 from the Royal Opera House on July 7.

Nash Ensemble

ALMEIDA FESTIVAL

One of the greatest contributions to our musical life that the Almeida Festival has made in its ten years of existence has been the regular displays of Soviet composers of the post-Shostakovich era. Most of them were little-known names to begin with; by now, and largely because of Almeida persistence, they are well-known. Monday's Nash Ensemble recital was the single such event of the 1990 schedule – other themes are being more widely explored this year – yet it was good to know that such a rewarding policy is not being abandoned altogether.

Whether the new Russian works given on this occasion made for rewarding new encounters was, however, another matter entirely. Concert programmes of this kind are always luck-of-the-draw affairs, of course; it was unfortunate that Edison Denisov's brand-new piece could not be finished in time (the Nash substituted his Sextet in its place), and it was more unfortunate still that the UK first performances of Elena Firsova's *Music for 12* (1986) and Sofia Gubaydulina's *Zwei Lieder* (no date given) should present those two estimable figures in so dim a light.

The former (conducted by Lionel Friend) proved to be a sustained *tempo moderato* musing on Romantic and late-Romantic musical motifs (among them the famous "turn" cadence from the *Meistersinger* Quintet), which eventually disintegrates via moments of Expressionist angst into silence. There seemed to be no muscle or tension in Firsova's explorations, just misty-eyed rambling.

The latter, for mezzo, harpsichord, cello, and flute, takes two German folksong texts (not supplied in the Almeida programme booklet) and treats them with un-German intensity. The first setting is a dark-spirited, vocally wide-ranging meditation, the second broad farce; in spite of Fiona Kimm's impassioned, dramatic delivery (in rather mushy German), neither struck me as possessing anything like the assurance of idiom and purpose that marks Gubaydulina's best music. Works by Arvo Pärt (the long-winded 1977 *Fratres* in its *cello-and-piano version*), and Shostakovich (the Alexander Blok songs) completed the bill.

Max Loppert

Warren Vaché

PIZZA EXPRESS, DEAN ST, W.1.

Some people like to eat to the beat and this Soho basement is as good a place as any. The programming is consistent and so is the tuck. Less boisterous than Ronnie Scott's in Frith Street, just around the corner, it is not trendy enough for the hep cats nor expensive enough for the expense account rowdies. The cool cornet phrasings of Warren Vaché are well suited to this sort of ambience and knife and fork accompaniment. Vaché likes instruments "to sound at their natural level" and plays with great control but without detachment. He is particularly impressive at very low volume in a high register – an understated talent which brought him to mainstream prominence in the 1970s.

Part of a jazz family back home in New Jersey, his father Warren Vaché Snr is a bassist, bandleader and jazz historian while brother Alan is an established swing clarinettist with Jim Cullum's Jazz Band. Thirty-nine year old Vaché Jnr is a regular visitor to Europe for the festival season and veterans of Edinburgh and Brecon in 1984 will remember him soldiering on left-handed after an accident left him with severed tendons in the playing hand.

Commencing his latest UK tour in this London pizza restaurant with pianist Colin Purbrook's trio, the American cornettist had the mike turned down to a suitably "natural" level and breathed out standards in the style which once so impressed Benny Goodman. "I like standards and I like to swing," he says. But then Vache is at ease outside the concert hall and particularly here, where he made his UK debut some years ago alongside tenorist Scott Hamilton.

More light and crispy than deep pan, Vache's treatment of Parker, Monk and Porter is nevertheless very persuasive. You can take a lot of it – three sets worth – without feeling stuffed with notes. It is also a versatile style, building from gruff eructations to lazy trad-tinged blowing on Bernie Privin's "I think of quitting when I work with you", for example.

Sidemen Ron Heatherington on drums, Paul Morgan on double bass provide unobtrusive rhythm, the latter often letting go into solo excursions.

Vache's itinerary for the UK takes him to the provinces over the coming weeks including Grimsby's South Bank Festival (July 8) and the Neath Jazz Festival (July 9). His latest album, *Warm Evenings*, is available on Concorde.

Garry Booth

ARTS GUIDE

June 22-28

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).

Jeffrey Bernard is Unwell (Apollo). Tom Conti is the alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (437 2663).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

Shadowlands (Queen's). Four-tissue weepie about the love affair between crusty Oxford writer C.S. Lewis and the cancer-riddled American poet Joy Davidman, which pushes both Nigel Hawthorne and Jane Lapotaire into the awards stakes. William Nicholson's play is irresistibly emotional. Elijah Moshinsky's direction is superb (734 1166/439 3849).

The Wild Duck (Phoenix). Peter Hall's revival of Ibsen's tragicomedy champions the great Norwegian's humorous potential. Alex Jennings, David Threlfall and Nichola McAuliffe head the cast (071 240 9661).

Absurd Person Singular (Whitehall). Robust revival of early Ayckbourn comedy, directed by the master himself, about three couples at Christmas in three kitchens over three years. Moira Redmond, Richard Kane and Lavinia Bertram on fine form in a production which confirms Ayckbourn's early bleakness (071 867 1119). **Henry IV** (Wyndham's). Pirandello's cat's cradle of fantasy and reality, identity and time in a production by Val May the sobriety of which belies its pre-production hijinks. Sarah Miles left the cast, but Richard Harris stayed to give a star performance as the nobleman who thinks he is an 11th century king (071 867 1116).

Vanilla (Lyric). Heavy-handed satire on New York super-rich and US-backed overseas dictatorships, directed by Harold Pinter, with a cast including Sian Phillips, Joanna Lumley and Gwen Humble, who do New York writer Jane Stanton Hitchcock prouder than she strictly deserves (071 437 3686)

New York

Cat on a Hot Tin Roof (Eugene O'Neill). Kathleen Turner, whose statuesque good looks embody Tennessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast in Howard Davies' production. **Grapes of Wrath** (Cort). The Steppenwolf company's interpretation of the Steinbeck epic novel has taken a long time to reach New York from Chicago; the wait was worth it, with the 1930s brought alive in its squalor as well as its test of human strength. Gary Sinise as Tom Joad stands out in Frank Galati's adaptation.

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s. (239 6200).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (346 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including *On the Town*, *West Side Story* and *Gypsy*. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Washington

Starlight Express. Andrew Lloyd Webber's roller-skating musical slides into Washington on its national tour. Ends July 14. Kennedy Center Opera House (467 6700).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. The 11am matinee consists of a short, relatively modern play and three dance pieces. Among the artists appearing is the famous onnagata (specialist in female roles), Tamasaburo. At 4.30pm *Kagamiyama Kokyo no Nishikie* (The Women's Revenge), a late 18th century drama based on a real-life court scandal. Earphone guide in English and English-language programme. Ends June 27. Kabuki-za (541 3131).

South Pacific. Emile Belcourt and Gemma Craven lead the cast from the recent London revival of the Rodgers and Hammerstein musical. Koseinenkin Hall (587 5444).

The Alchemist, by Ben Jonson, performed by the Compass Theatre Company, a young British touring company (Wed), and The Merchant of Venice (Thurs). Tokyo Globe (360 1151).

SALEROOM

Rarity on the art market is always said to be a bad thing. At Christie's Impressionists and Moderns sale on Monday evening an early Picasso – rare for its joie de vivre, and one of only a handful of scenes of modern life painted in strong, almost Fauve colour – astonished the rooms by fetching £13.75m, well over double the estimate. This exuberant depiction of children sailing boats in the Tuileries was painted soon after the artist arrived in Paris in 1901.

Dealer Robert Holden chose to place the picture in London, despite the fact that it belonged to an American. What was the star lot in London would have been some way down the heap in New York in May. The tactics appear to have paid off. After fierce Japanese bidding in the room, the picture was finally secured over the phone by a European collector.

The sale realised three records and £43m, £10m more than last summer's record total. The downside is that less than half the lots sold, some 69 per cent of the sale in value. Bidding appears to have become more discriminate, though there were less easily-explicable failures.

Another Picasso, a strong gouache of Le Saltimbanque of 1904-5, was bought in at £2.4m. Bidding on a large Signac painted at Herblay stopped at £1.5m, though later and arguably less good works sold. A strong Vlaminck still-life also failed at £2.3m.

One great success was Ben Nicholson's unusually large "Boutique Fantastique," 1956, and one of a series of "post-cubist" still-lifes. It was bought by an English collector for £1.21m. The previous auction record for the artist stood at £400,000. Two fresh Pissarros sold on target for high prices. Records were set by Max Liebermann's "Altmännerhaus" (£484,000), and Utrillo's "Le Lapin Agile" (£660,000).

English, German and Swedish bidding was up on the spring sale, Japanese acquisitions doubled to 37.5 per cent, but there were no American buyers.

Susan Moore

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Scrutiny of nuclear power

AN UNCRITICAL defence of nuclear power was delivered yesterday by Mr John Wakeham, UK Energy Secretary. The message was that this Government, if it remains in power, is highly likely to back a new nuclear power station programme in the second half of the 1990s.

Mr Wakeham's continuing commitment to nuclear power was more significant than the other strand of his speech: his re-affirmation of the Government's support for the new power station at Sizewell in Suffolk, the only nuclear plant now being built in Britain. Cancelling Sizewell one third into its construction was not a decision which this Government was likely to contemplate.

The Energy Secretary argued that nuclear power is environmentally benign, because it offers one of the best options for reducing the emission of greenhouse gases caused by the burning of fossil fuels. The worry about this approach is not that it lacks merit, but that Mr Wakeham is in danger of pre-empting the Government's own review of nuclear power, which it has promised for 1994.

The sad history of nuclear power in the UK, including the fiasco over privatisation when the nuclear stations were belatedly removed from the sale, shows how dangerous it is to entrust decisions on this subject to government departments and industrial organisations with a vested interest in the outcome.

Outside scrutiny

The pre-privatisation examination of nuclear power revealed one fact. Estimates for the price of nuclear electricity emanating down the years from within the industry, and endorsed by the Department of Energy, were far too optimistic. Indeed, the price projections initially used to justify Sizewell before a public inquiry had to be almost doubled when subjected to scrutiny from outside the Energy Department.

Britain's over-centralised and secretive system of public administration meant that only the Energy Department could fully scrutinise the information provided by the nuclear industry. It proved inadequate to the task.

The Commons Select Committee on Energy is due to publish a report today on nuclear power, which is already known to be critical of the Government's monitoring role. It will be surprising if the report does not call for a much more open system of information disclosure.

No justification

That would be welcome. But some of the Government's recent nuclear power decisions suggest that it will go unheeded in Whitehall. Earlier this year, for example, Mr Wakeham announced a levy on electricity bills of 10.6 per cent, almost all of which will go to subsidise nuclear power. No attempt has been made by the Energy Department to justify the size of this levy, which amounts to a drain on the pockets of electricity consumers of almost £1bn a year.

A further example was contained in the note sent yesterday by Mr Wakeham to the the Select Committee on the costs of Sizewell. This compared the cost of spending the £990m which is still outstanding on Sizewell with that of building a new gas-fired station from scratch, concluding that abandonment of Sizewell would save little money.

The note had all the signs of having been written, first, to justify a decision already taken to continue with Sizewell and, second, to head off the Select Committee's report. It failed, for instance, to compare the economic case for continuing with Sizewell with alternative investments, such as in energy conservation.

The danger in Mr Wakeham's new justification of nuclear power – that it will help to solve the greenhouse effect – is that it will result in a similarly inadequate analysis at the time of the promised review occurs in 1994. The issue is not whether nuclear power can help curtail emissions of greenhouse gases, but whether it can do so more economically than alternatives. The environmental case for nuclear power needs to be subjected to just as much critical scrutiny, from outside the industry, as the economic case.

Softer tones in Dublin

THE European Community's summit was notable in at least one respect: it was one of the least contentious for a long time. That was not because all the member states were agreed on the complicated issues on the agenda. Although Mrs Thatcher did not attempt to block the two separate inter-governmental conferences on European monetary and political union, to be held in Rome in December, it is improbable that she underwent a late conversion on the road to Dublin.

On fundamentals, the Prime Minister stuck to her guns. Nothing that smacked of federalism or undermined national "identities," either in the proposals for monetary or political union, was acceptable to her. The single currency foreseen in the Delors proposals for monetary union remains taboo. What has changed, however, is the tone employed by the Prime Minister to express her strong views, which has become noticeably less harsh.

The softer tone and repeated commitment to full participation in the European Monetary System appear to have made a favourable impression on Britain's partners. The monetary proposals made by Mr John Major, the Chancellor, last week for a "hard Ecu" and a European Monetary Fund, instead of the single currency and European Central Bank of the Delors Plan, were at least given a polite hearing. Though it is already clear that they have come too late and will not divert either France or West Germany from going ahead with their more ambitious scheme, the message that the UK from now on plans to be constructive, rather than obstructive, was not lost.

Britain's influence

Mrs Thatcher's new Euro-look, if maintained, should increase Britain's influence within the Community. Some of the other decisions taken at the Dublin summit certainly reflect the pragmatism so dear to British hearts. The document that will serve as the basis for the discussions at one of the inter-governmental conferences in Rome on political reforms to be written into the EC treaties contains something for everyone and does not involve any prior commitment to a federal system.

On the contrary, it emphasises that the EC must respect member countries' national identities by the application of the so-called "subsidiarity" principle, under which the EC institutions do not act on matters which are best done at national level. If it talks about strengthening the European Parliament's powers to amend legislation, it also specifies that national parliaments must be more closely involved in exercising democratic control over the EC.

Strong pressure

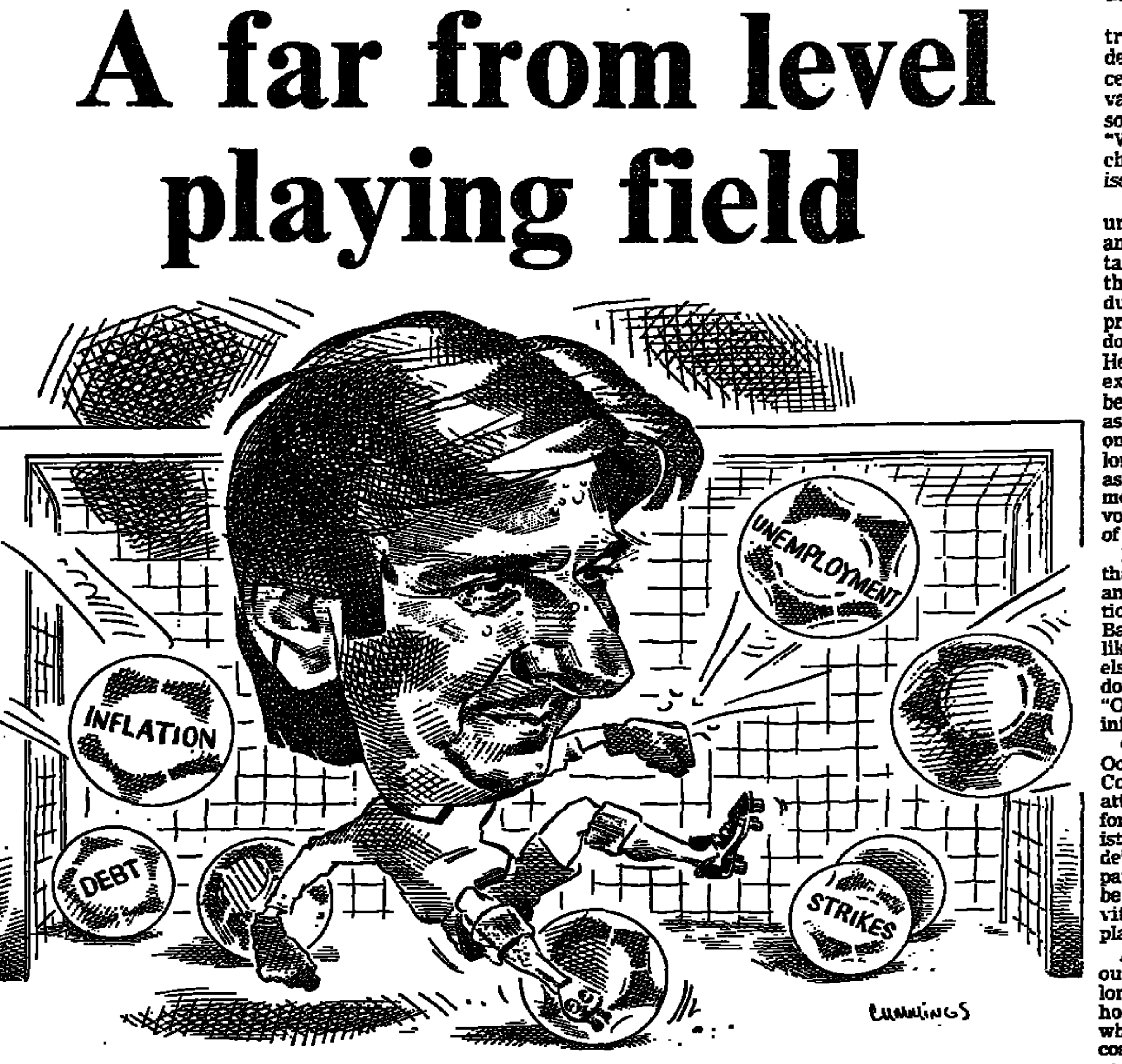
Mrs Thatcher had little to complain about in the decisions taken on aid to the Soviet Union, which largely reflected her own views. In spite of strong pressure by Mr Helmut Kohl, the West German Chancellor, and President François Mitterrand of France, in favour of an immediate Community financial aid package to help the Soviet Union overcome its economic difficulties, common sense finally won the day.

Though everyone agreed that Mr Gorbachev's survival is in the interests of the west, the British view that financial aid would be completely wasted if it was not preceded, or at least accompanied, by fundamental structural reforms was clearly justified by experience. Indeed, it is probable that, failing such reforms, perestroika would only be further delayed if the economy was cushioned by large injections of money from abroad. The solution found, to send a positive political signal to Moscow while asking the European Commission to prepare specific proposals for aid tied to structural reforms, was a political compromise, but it also made good economic sense.

Altogether, the Twelve showed a laudable realism and lack of ideological prejudice in the way they handled most of the issues on the agenda, with the exception of South African sanctions where they have not moved fast enough. The fundamental battle between federalists and advocates of an inter-governmental Community has, it is true, been put off once again. Yet it may be that the clash will be less fierce than originally feared when it finally takes place.

Christina Lamb on the mounting problems facing President Collor in his effort to restructure Brazil's economy

A far from level playing field



No one will have been more disappointed by Brazil's defeat in the World Cup football tournament on Sunday than the country's flamboyant 40-year-old President, Mr Fernando Collor de Mello. Had the national team won, it would have been a welcome distraction from the mounting problems facing Mr Collor as he perseveres in what he calls his "mission to save Brazil".

Public support for the President is ebbing fast. Polls show his popularity has almost halved in the past month to 36 per cent. After a turbulent first 100 days, he is sticking to the radical economic stabilisation plan he introduced upon taking office in March, aimed in the first instance at defeating hyperinflation, which had reached 3 per cent a day in the twilight of the discredited Sarney administration. But monthly inflation is now back into double figures, industrial production is forecast to fall by 10 per cent this year, unemployment is rising, and strikes are hitting public and private enterprise.

On a day-to-day basis the 40-year-old President seems to be fighting a battle against insuperable odds. These difficulties tend to obscure his broader longer-term objectives, which go well beyond his stated aim of ending inflation.

Nevertheless, the administration faces crucial decisions over the next two weeks, particularly on wage increases and drastic cuts in the public sector payroll. If President Collor fails to fulfil his pledge to cut back the number of state employees and hold down wages, this could spell an end to the plan. His main strength is that no one wants to be held responsible for torpedoing the stabilisation programme – particularly when there is no obvious alternative.

The Collor Plan is centred on fiscal and administrative reform, a tight monetary policy, the privatisation of public companies, the opening of trade barriers and the renegotiation of foreign debt – at $112bn the developing world's largest.

At the outset, he used to his advantage public surprise at the drastic nature of the programme. He also benefited from the nation's sheer relief at having an "action president" – whose idea of an official engagement is driving a tank or slicing bends on a powerful motorcycle at 160km an hour – after the somnolent Mr Sarney. Yet the size of the task Mr Collor has set himself can hardly be overstated. His aim is radically to restructure what is the world's eighth-largest economy and also one of its most centralised and protected. The Collor administration's intention to create a free and open economy is as radical to the Brazilians as last year's revolutions were to the eastern Europeans. Not surprisingly he faces serious opposition from the pork-barrel politicians, the bureaucrats and the business cartels who benefited from the old system.

Furthermore, the implementation of the plan has run into serious legal and constitutional difficulties.

The fourth attempt to stabilise Brazil's economy in as many years, the Collor plan was initially regarded with scepticism by the usually optimistic Brazilians. Its forerunners, particularly the ill-fated Cruzado Plan of 1986, had also attempted wage and price freezes. But they failed to cut public spending, and low interest rates meant people simply cashed in savings and spent.

Collor was smarter than his predecessors. Realising that hyperinflation had created intense economic awareness – with private business, for instance, able to anticipate government and find immediate ways round reforms – Collor opted for draconian measures. The day after taking office he confiscated (for a period of 18 months) 80 per cent of the country's savings, amounting to $115bn. This startling move has allowed the government to defer paying its internal debt, and was designed to choke off liquidity to an extent which in theory made it nearly impossible to circumvent the plan.

But he had failed to take account of the fact that the caretakers of the blocked cruzados were the private financial system, which had learnt to make money from investing under high inflation so well that its share of GDP has risen from 6 to 15 per cent in the past 20 years. Last year, for instance, the car industry earned 80 per cent of its profits from financial speculation, according to Mr Mathias Molina, editor of Gazeta Mercantil, the country's leading financial daily. The private sector, which acquired an almost vested interest in inflation, immediately started looking for the *jetinho*, or way round, to convert blocked cruzados into new cruzeiros. Exemptions for retired people, medical expenses and charities, quickly led to the creation of fictitious elderly aunts and spurious operations. Frozen funds, moreover, could be used to pay bills and taxes dating from before the introduction of the plan on March 16, so that the most common dodge was to overpay, getting the excess back in cruzeiros, minus a commission.

Mr Fernando Gentil, head of NMB Bank, says that he "must have received $1bn worth of proposals to set up companies with backdated contracts. It would have given a stronger message if they had only blocked 50 per cent [of savings] but stuck to it."

Three months on, most companies have managed to free their money, while most of the estimated $50bn still blocked is in individuals' savings accounts – those who voted most enthusiastically for Mr Collor.

Mr Collor's second line of attack was a wage and price freeze cemented by the de-indexation of wages from inflation. But workers are now demanding 166 per cent rises to compensate for inflation since February. This is for one-off adjustments in public utility tariffs made shortly before Mr Collor took office; for a level of 84 per cent inflation in March not compensated for before the wage-price freeze; and because the freeze itself has proved ineffective in restraining retailers and producers.

If President Collor fails to fulfil his pledge to cut back the number of state employees and hold down wages, this could spell an end to his strategy

His economic team maintains that a return to indexation would lead inexorably to hyperinflation. But their proposal to introduce free collective bargaining was dealt a blow at the end of May when Congress, which had up to then allowed President Collor an easy ride in spite of the minimal representation of his National Reconstruction Party, rejected his bill.

His subsequent decree to give government power to overrule awards by labour courts was declared unconstitutional by the Supreme Court. Several regional labour courts have already awarded 166 per cent increases. Talks between government and unions have broken down, and the government will propose new wage legislation this week.

Equally important to the plan's success will be a forthcoming judgment by the Supreme Court which will rule whether the government's attempts to fire civil servants infringes the constitution. The government reneged on its pledge to fire 360,000 by June 18 and has so far announced only 34,000 job losses, and most of those affected have not been dismissed but sent home on reduced pay. The losers are generally the poorest paid rather than the so-called "maharajahs" of the public sector whom Mr Collor made the main target of his election campaign. The courts may rule that he cannot even do this – as the constitution says wages cannot be reduced except by collective bargaining. If so then they are also likely to rule in favour of re-indexing wages as workers can claim that thay have had salaries cut in real terms.

Hopes have faded of turning an 8 per cent budget deficit into a 2 per cent surplus through administrative reform and the privatisation of state companies. Although no figures have been released for the current state of the fiscal deficit, causing the IMF to delay its visit, government officials admit it could still be as high as 5.5 per cent. Plans to sell off one state company a month from June have been held up by the courts.

Against such reverses, President Collor can claim some achievements. He has begun to make the tax system both more efficient and more equitable. In the all-important terms of what is visible to the public, he has sold off cars and mansions belonging to the state. The monthly rate of inflation has been brought down to 10 per cent.

Perhaps most significant, he has transformed Brazilian political debate. "Whether Collor's Plan succeeds or fails is in many ways irrelevant," says Mr Amaury de Souza, a sociologist and business consultant. "What is important is that he has changed the whole agenda of public issues."

But his achievements are being undermined by poor management, and by his tendency to set unrealistic targets and then back away from them. With congressional elections due in October, President Collor's principal strategy is to keep inflation down at 10 per cent, his advisers say. He seems ready to do this even at the expense of more unemployment because he sees controlling inflation as a better vote winner. According to one of his economic advisers: "Collor's line is that he may lose as many as 10m votes through high unemployment, but that will leave another 60m voters who will vote for him because of low inflation."

It is not clear this is true. More than half the population is under 25 and has always lived with high inflation. Mr Fred Gibbs, head of Lloyds Bank in São Paulo, says: "People were like mice in a wheel with everything else going round too." Ms Zelia Cardoso, the Economy Minister, agrees. "Our biggest challenge is to end the inflationary mentality."

Congressional elections due on October 3 also mean that President Collor is unlikely to give his full attention to Brazil's foreign creditors for several months. So far, the administration has been making promises of debt negotiation while in practice not paying. This has enabled reserves to be kept at healthy levels and provided vital backing for the stabilisation plan.

As for opening up the economy to outside competition, President Collor's plan has run into considerable hostility from Brazilian companies who fear going out of business or the costs of becoming more efficient and competitive. Until now many industries and multinationals have had virtual monopolies and immediately turn to the state whenever threatened. Computers, for example, cost three times what they would if they could be imported from the US. Mr Collor has endeavoured to change this by abolishing the list of banned imports, and replacing it with tariffs. For cars, as one instance, tariffs were 85 per cent.

Yesterday, however, he announced that these tariffs would be reduced gradually, so that by 1994 the weighted average would fall from 35 per cent to 20 per cent, with maximum tariffs falling from 105 per cent to 40 per cent. This is far less sweeping than business had feared.

While most businessmen pay lip service to the plan, the liberalism they would like is for someone else's industry. As Mr Luis Eulalia, President of Cobrasma, an engineering company which is running at only 60 per cent of capacity and has laid off 800 people, puts it: "I'm in a difficult dilemma. What is good for the country is not good for me."

Brazilians have responded to Mr Collor's strong, authoritarian style. The irony is lost on few that his free-marketeers are the most interventionist government the country has ever had, passing 39 interim measures (in force for 30 days until voted on by Congress) and 157 presidential decrees in three months. To retain the support of what he calls the "shirtless and shoeless", Mr Collor needs to start building his authority on consensus rather than audaciousness.

OBSERVER

Spreading his wings

■ Barry Myers joined Trafalgar House, or rather a company shortly to become part of Trafalgar House, at the age of 17 and has been there ever since. Yesterday he was named as a main board director at the age of 45. He will also become managing director of Trafalgar House Construction Holdings as part of a reorganisation of the group's construction and engineering operations.

Myers was an "indentured student". That means that the company looked after his training, including sending him to college. He became a quantity surveyor and rose quickly through the ranks. Then in 1973 – there was a national building strike going on at the time – he says that he decided that there were better things in life than detecting other people's errors, so he moved to production management.

It was from there that he moved to international projects. For a time he was managing director of the Trafalgar House subsidiary, Cementation International. He led the project that built the Sultan Qaboos University in Oman and generally learned about the third world, rich and poor: Ghana as well as Saudi Arabia.

When we first tried to get in touch with Myers yesterday, he was on the telephone to Djkarta. He called back and said that what he really likes doing is "putting construction companies under my wing, bringing them into a divisional structure, providing some form of togetherness".

The strength of Trafalgar House, he claims, is its "spread". "We can do practically everything from digging the hole in the ground to manufacturing the joinery." Myers wants even more spread, but is not expecting any more early acquisitions.

Television bores him, he says: he did not seem interested in watching last night's World Cup game between England and Belgium. He has given up squash because "he has seen too many of his friends die young". But he does confess to one hobby: breeding pedigree Herefords.

Three years ago he bought a 70 acre farm in Surrey. "Actually my wife runs it," he says. "All I do is go and talk to the animals." But it seems to work.

Incidentally, I see from the rest of the changes announced at Trafalgar House yesterday that the man responsible for offshore operations is called Syd Fudge.

Green Gas

■ British Gas is cashing in on the Green movement. Its 2.48m shareholders were yesterday sent a set of documents printed on paper produced from trees grown in a sustainable manner: a new tree is planted for each tree chopped down. Its polythene packaging was printed using non-toxic ink and can be recycled. Even the proxy voting was printed on recycled material.

The company also set new standards in information disclosure by telling its shareholders that the report had consumed 4,300 miles of paper, enough to stretch from London to Nairobi; 87 miles of stitching wire, the distance between London and Dover; and 10,645 kg of printing ink, the weight of two Asian elephants.

Just the sort of information that small shareholders need. Information to analysts went on floppy discs: also claimed as a first.

Gold fillers

■ Is eating gold good or bad for the gold market? The topic took up some time at yesterday's Financial Times World Gold Conference in Venice

after Junnosuke Inoue, general manager of Mitsui & Co's precious metal division, said that gold-coated chocolate is now available in Japan.

One delegate pointed out that a Tokyo restaurant was offering a meal, called the Gold Plate, in which each course contained gold. He told some jokes about carrots.

Then he put the question which split opinion among the experts down the middle. "Is eating gold an encouraging form of new demand for physical gold or an alarming new source of gold scrap?"

Top jobber

■ Brian Peppiatt, joint chairman of Warburg Securities, retires today at the age of 56. There is no word of what he plans to do next, except perhaps to devote more time to national hunt racing.

Educated at Winchester after the war, Peppiatt made his name at Akroyd & Smithers, which he joined 35 years ago. It is hard to recall in the post Big Bang period, but individuals like him used to be spoken of with adulation. Peppiatt was described as the "best jobber of his era" with an uncanny ability to read and anticipate markets.

He became deputy chairman of Akroyd & Smithers in 1976 and is estimated to have made millions for the firm during the time of the great funding crisis, sometimes remembered as the Battle of Watling Street.

At Big Bang Akroyd & Smithers was acquired by Warburg Securities. Peppiatt moved back from the front line of market- making to devote more time to administration. He was joint chairman with Peter Wilmot-Sitwell, and Warburg Securities has more than survived.

Wilmot-Sitwell will now be the sole chairman; Peppiatt can afford to relax if he wants to.

Eurofutures

■ The futures industry is holding its fourth conference in London this week, but, in perhaps a telling reflection of the growing importance of France's markets, the venue is moving to Paris next year. France's futures exchange, Matif, outstripped London's market in contract volume last year and the exchange is pushing for a higher international profile.

The conference, jointly sponsored by the Futures Industry Association and Futures and Options World, could move back to London the following year as it rotates around Europe.

It could even go to Moscow. John Redwood, parliamentary secretary of state for corporate affairs, told the conference that he had been interviewed on Soviet TV. The interviewer's first question whether the USSR needed a futures exchange to resuscitate its moribund economy.

Cheers!

■ Graffito in a Birmingham pub: "There is no such thing as a large Scotch."

Healing the workplace rift

Ralph Atkins on the Fair Employment Act in Ulster

When Northern Ireland Electricity had a vacancy for a postal messenger recently it attracted 1,553 applications from advertisements placed in three local newspapers.

With names deleted, applications were passed to the recruitment department. A shortlist was drawn up, based on criteria monitored by statistical specialists in the company's four-man Equal Opportunities Unit.

All this to ensure a Catholic applicant would have as good a chance of succeeding as a Protestant.

NIE's commitment to fair employment practices may seem bureaucratic, time-consuming and unbusinesslike, but the Government is right behind it. The Fair Employment Act underlines the Government's recognition that the terrorism-riddled history of the province requires a different approach to the mainland – even for a Government pledged to unleashing market forces across the UK.

Mr Richard Needham, Northern Ireland's economy minister, says: "You cannot possibly continue to leave to local employers without any form of government regulation the decision as to who and what they employ."

NIE's example, while extreme, is not an unfair exaggeration of the sort of measures companies may have to take as the sixth-month-old act begins to bite. The problem the act seeks to tackle runs deep in a province made up of a patchwork of Protestant and Catholic areas – sometimes marked out with kerbstones painted red, white and blue or the colours of the Irish tricolour.

Nationalist areas tend to be the most deprived. Across the province, Catholic males are two and a half times more likely to be unemployed than Protestants. Pressure for change has been evident since the "Troubles" erupted during civil rights protests in 1968.

The division between the two communities has spilled inevitably into workplaces. In East Belfast, home of Short Brothers, the aerospace company, a report a decade ago on local engineering companies found the Catholics regarded the area as as "no-go". Protestant skilled workers dominated. Catholics accounted for only 6 per cent of Shorts' apprentice intake.

Subsequently Shorts has sought to ensure equality of opportunity. It monitored the composition of its workforce, talked to Catholic schools and advertised all jobs externally. It removed questions asking applicants if they had relations working in the company.

More dramatically, it provoked a strike in 1986 by banning flags from factories. The aim was to create a neutral workplace, ending explicit displays of Unionist pride. Currently Catholic apprentices are approaching 20 per cent of the total.

The steps Shorts has taken could be forced on others by the Fair Employment Act. It goes further than previous legislation, banning direct job discrimination and outlawing "indirect" religious discrimination – unjustified employment practices which unintentionally create inequality.

The act stops short of setting quotas, but companies can be forced to take "affirmative action" in an effort to create a workforce reflecting the religious balance in the local catchment area. That could include targeting job advertisments at under-represented groups or deliberately locating training schemes in particular areas of the province.

To date the only requirement has been for companies to register with the Fair Employment Commission (FEC) and submit the results of monitoring their workforces. That has involved labelling the vast majority of employees either "Protestant" or "Catholic".

Shorts workers outside the factory during the flags dispute

Potentially the most embarrassing aspect of the FEC for companies is its investigative powers. Reports by its predecessor, the Fair Employment Agency, have produced results that have sometimes surprised even the managers of companies concerned. A recent study of 17 car retailing companies named seven judged not to be giving equality of opportunity.

Charles Hurst – one of the companies criticised in the report on car retailers – says the study was based on four-year-old statistics. But it has clearly been ruffled.

"We have responded positively. We have, and always have been, a fair employer," says Mr Fred Maguire, chief executive. The requirements of the Fair Employment Act are "not so much a burden, but it is a cost."

Mr Bob Cooper, chairman of the FEC, reports apprehension among a number of companies. Most affected, he says, will be the medium-sized companies (the smallest are exempt) which have not monitored their employees before. Employers with more than 25 employees – falling to 10 after January 1992 – have to monitor their workforces.

The next stage for the FEC will be the setting of "goals and targets" for companies found to have an imbalance. For recalcitrant organisations there is the threat of £30,000 penalties or the loss of lucrative government grants and contracts.

A company's public image and its attractiveness to investors could be affected by FEC displeasure. American companies investing in Northern Ireland are among those most acutely aware of the sensitivity of religious composition, if only because they often face pressure from domestic investors to ensure good practice.

But reaction so far has been low key. Typical is Mr Gordon Coulter, an entrepreneur who runs three building products companies in Kilkeel on the southern edge of the province. "We have been a company that has always been looking to give people a fair chance." He says he has "no objections" to the Fair Employment Act.

Among many bigger companies, there is little expectation of wholesale changes. At the north-western edge of the province, in Catholic-dominated Londonderry, is Desmond and Sons, the textile company whose 2,700 employees in Northern Ireland make clothes for Marks and Spencer.

Here Mr Denis Desmond, whose family has run the company for generations, readily acknowledges that companies have to take on a wider social role as implied in the act.

Details of the company's monitoring report have not been published but are thought to show a 70 per cent Catholic workforce, roughly in line with the local area. "We have to accept that we are part of the wider community," Mr Desmond says.

Northern Ireland Electricity is determined to take its employment practices beyond the letter of the law – the surplus of applications for the post of postal messenger is only an illustration. "Not many mainland companies would spend the money getting inundated with that many applications," says Mr Aidan Sherrard, equal opportunities manager.

Its commitment to fair employment, says NIE, is longstanding and covers not just religion discrimination. Whether as a consequence or not, NIE is able to operate without hinderance across the community – even in areas where the army treads warily. It shows a willingness to take on a social role that the Government will want to tap.

Corporate governance

An end to hostile takeovers and short-termism

By Martin Lipton

Institutional investors are flexing their muscles on both sides of the Atlantic. In both the United Kingdom and the United States they have great power over the economy and very little responsibility either to the companies they effectively control or the public.

In large measure institutional investors were the cause of the takeover and buy-out frenzy of the 1980s – with its legacy of over-leveraged companies, defaulted junk bonds and management policies that focus on short-term performance rather than long-term growth.

This situation should not be permitted to continue. Both the UK and the US must rethink their approach to takeovers and corporate governance. The stakes are large. If we do not solve the problems and reverse the emphasis on short-term results, we will bequeath a declining standard of living to our future generations.

The June 19 discussion paper by the Investment Committee of the Association of British Insurers deals with the management monitoring aspects of corporate governance. It does not, however, address the need of management to plan for long-term growth and be free of pressure to produce short-term results. In this respect the proposals are similar to those put forward by the Council of Institutional Investors in the United States.

The real-world effect of these proposals is not improved corporate governance – it is interference with normal business planning, limitation on management incentives and encouragement of hostile takeover bids.

The present system of corporate governance is an anachronism. It stems from the days when shareholders were real owners, not transitory professional investors; when there were no hostile takeover bids, no risk arbitrageurs, no junk bonds and no pressures on both corporate management and institutional investment managers to show ever better quarterly performance. It is not suitable for the modern era. It lends itself to abuse by corporate raiders whose only objective is their own enrichment. It forces corporate management to focus on short-term performance both on the profit and loss account and in the stock market.

The various proposals now being advanced will not solve the fundamental problems. Nor has the demise of the junk bond market, the collapse of many of the leveraged buy-outs of the 1980s, and the retreat of the financial corporate raider obviated the need to find a solution.

Our trading partners in Japan and West Germany are virtually free of hostile takeovers. Their systems produce patient capital and encourage long-term planning and investment. The systems in the United Kingdom and the United States do the opposite.

A new system of corporate governance is required. To start with, the new system should eliminate hostile takeovers. Instead, institutional investors should be encouraged to develop the expertise to evaluate a company's strategy – then divert their funds to another corporation with a superior strategy or retain their investment but exercise their right to change a strategy that has proved ill-founded.

A new system of corporate governance is required — one that would eliminate hostile takeovers, and elect directors once every five years

The new system requires that a majority of the board of directors be independent of management.

It would substitute a quinquennial meeting of shareholders for the annual meeting. Directors would be elected for five-year terms. They would stand for election on the corporation's record for the past five years and its strategic plan for the next five years. Any shareholder or group of shareholders with 5 per cent of the outstanding shares, or shares having an aggregate market value of $5m or £5m, would have the same access to the corporate proxy machinery as the management.

Whether or not the election was contested, the proxy statement would be required to contain a summary of the corporation's five-year performance compared to its strategic plan, together with industry averages, stock market averages and other relevant data. It would contain a summary of the corporation's projections for the next five years, the assumptions on which they are based and the returns on investment that they would produce if achieved.

If shareholders decide to contest the quinquennial election, they could do so on the basis that if elected they would offer the corporation for sale. As part of their solicitation of votes they could put forward a bid to acquire the corporation or their support for a bid put forward by a third party.

The five-yearly system would permit corporations to pursue long-term planning without fear that investment in research and development, plant and equipment, expanding markets and similar short-term depressants on earnings would result in a takeover.

It would remove the pressure on directors to maximise share prices in the short run. It would also remove the pressure on institutional investors to sell out good, successful, well-managed companies just because someone is offering a premium to the market price. Institutions would have an opportunity to be the patient, long-term investors they profess to want to be.

The quinquennial system would assure good management and sound business strategies. The requirement that directors run for election on the corporation's five-year record and its strategic plans for the next five years would assure, if any such assurance is really necessary, that the directors perform their principal function of choosing competent managers and holding those managers to achieving their business plans.

Directors do not want to run the risk of losing a proxy fight. Indeed, they do not want to run the risk of a situation that invites a proxy fight. Since any shareholder or group with the requisite ownership could conduct a proxy fight at the corporation's expense, the threat of a proxy fight would serve to police the actions of the directors not just as they approach the end of five-year intervals, but continuously during the five years. The quinquennial system strikes the needed balance of preserving ultimate shareholder control, but not forcing bad business policies and dangerous leverage on corporations seeking to avoid the threat of takeover.

By preventing hostile takeovers between the five-year intervals, the quinquennial system would facilitate negotiated acquisitions; particularly equity mergers that avoid high leverage. The fear of a raider interfering with a common stock merger forces too many good mergers to be abandoned or structured in a way that overburdens the combined companies with debt. While hostile takeover interference with mergers would be limited, the quinquennial system would have no effect on the ability of shareholders to vote down any merger they do not approve.

The argument that the quinquennial system would entrench management and destroy corporate democracy is not well-founded. We do not deem presidents or prime ministers entrenched because they are not elected annually. We are not less democracies because our officials do not stand for annual election.

However, to the extent that this is found to be a real concern, a solution is simple. The quinquennial system can be structured so that if a corporation fails to achieve at least 80 per cent of its projections for two consecutive years, the holders of 20 per cent of the shares could require a special shareholder meeting to which all of the requirements of the quinquennial meeting would be applicable.

The quinquennial system is worthy of consideration and debate. Obviously it would require a number of changes in statutes, agency regulations and rules of self-regulatory bodies.

In view of the widespread dissatisfaction with the present system, I believe the debate is essential and that it can lead to an effective system of corporate governance for the future. In both the UK and the US we are in the age of finance corporatism, and we must develop a system of corporate governance suited to the age.

The author is senior partner of the New York law firm of Wachtell, Lipton, Rosen & Katz.

LETTERS

Profits versus capital

From Mr David Damant.

Sir, We could add three points to Lex's comments (June 25) on the payout ratio for shares in British and West German companies.

First, the higher UK payout ratio may reflect higher interest rates generally, requiring also a higher yield on corporate securities; and some argue that higher dividends, in upfronting the money, produce a higher share price in any case.

Second, for many years after the Second World War, German companies were extremely short of capital. Retained earnings were an absolute necessity: and for the same reason pension funds created for employees were often invested in the company itself. The attitudes bred in those years may persist.

Third, retained earnings have an opportunity cost which can be considered to be the same as the cost of raising new capital. Retained earnings are not free. To argue that all companies should distribute all profits and raise the new money they need in the markets is theoretical, and has practical drawbacks, but it seems a sufficient reason for not regarding the procedure of paying dividends and then raising money separately as something inherently wrong.

David Damant,
68 Lombard Street,
London, EC3

Currency suspicions allayed

From Mr Vincent Cable.

Sir, One of Mrs Margaret Thatcher's main anxieties about European Monetary Union (EMU) seems to revolve around the loss of our currency.

The Prime Minister should travel more frequently to Scotland.

That country has enjoyed monetary union with England for many years. It also has its own currency.

The denomination is close but not identical to that of English currency (the Scots have pound notes), and convertibility at a fixed exchange parity is maintained (except by some suspicious English shopkeepers and cabbies).

There is no reason why, in a similar manner, British banks should not continue to make available pieces of paper denominated in sterling, and bearing the Queen's head, indefinitely.

Provided the British banks are subject to monetary base control by the European Central Bank, and that a fixed parity is maintained, monetary union can be reconciled with a residual financial identity.

Some minor inconvenience to travellers and extra printing costs represent a small price to pay for providing the more conservative members of society with a little peace of mind.

Vincent Cable,
102 Whitton Road,
Twickenham, Middlesex

'It would be tragic to fix the £, within the ERM, overvalued'

From Mr James Morrell.

Sir, "Talking up the Pound" (June 15) suggests that entry to the Exchange Rate Mechanism (ERM) should be made "with a rate of not below DM3 as the floor," and with a wide band.

The implication is that the pound sterling has to be high (overvalued?) in order to force inflation down. Profits have to be squeezed to such an extent as to force a rising wave of business failures and a surge in unemployment; the fall in the demand for labour lowering labour cost inflation.

The overvaluation of the pound in 1980-81 ultimately drove unemployment above 3m, and reduced the rate of pay increase to 6 per cent. In what was almost a controlled experiment, the evidence suggests that, given the pay system, unemployment would need to be driven up to 5m to achieve price stability.

The time-lags in all this inevitably span years, and the wastefulness of the whole process – including cuts in investment – must raise the question: is the game worth the candle?

The pound is already overvalued. If DM3 was the appropriate level in 1987, when sterling was being targeted by the UK Treasury at that rate, subsequent changes in consumer prices in the UK and West Germany point to a rate of DM2.60 for 1990. Moreover, the massive UK trade deficit and the weakening of export orders suggest that the pound is definitely overvalued.

It would be tragic to fix the pound, within the ERM, overvalued by as much as 15 per cent. There must be another cure for Britain's malaise, and since market forces take so long, more immediate remedies are called for.

Clearly, British managers need to be educated about the imperative of slashing the rate of pay inflation in order to live with an almost fixed exchange rate. Managers, in turn, have to educate all employees on the logic of the position. To break inflationary expectations we need a period in which to set this huge educational process in train, and to focus attention on the urgency of the problem a one-year pay freeze should be implemented without delay.

This would facilitate a big fall in short-term interest rates. As you remind us, "there may have to be ways of limiting the potential for equity withdrawal from housing."

In other words, we would need credit controls embracing variable reserve ratios for all leading institutions. Present policies simply will not do.

James Morrell,
1 Paternoster Row, EC4

Skies over the EC

From Mr R.W. Venables.

Sir, You identified the three Cs, collusion, congestion and concentration (June 18), as the principal barriers to the achievement of the European ideal.

While these barriers exist, the most important C, the consumer, will not reap the full benefit from an open skies policy. The structure of the industry is too heavily weighted in favour of the flag airlines, and increasing congestion means less room for the emergence of effective competition.

Before 1992 arrives, EC transport ministers should face this reality. As well as addressing congestion and formulating a merger policy with bite, they should recognise that Europe's skies will not be truly open for at least 10 years.

Because lack of available space both in the air and on the ground and the imbalanced structure of the industry means that the consumer's needs cannot best be met by deregulation, the better alternative solution is a system of constructive regulation.

The UK has practised a system of "regulation with a light touch" for the past 20 years, through the Civil Aviation Authority. The multi-airline policy pursued in the shadow of a dominant national carrier has resulted in a UK airline industry which is stronger than that of any other European country, with many benefits for consumers – and not just limited to hot breakfasts on the shuttle.

The next step is to translate this system into Europe.

R W Venables,
46-47 Bloomsbury Square, WC1

Europe's Arab neighbours

From Mr Stanley Crossick.

Sir, Your leader of June 19 opened by stating that, understandably, Europe's attention has for some time been concentrated on events to its immediate east. You later comment on the fundamentalist victory in recent Algerian elections.

I do not suggest that there is direct linkage between these facts. However, our preoccupation with eastern Europe at the expense of the Middle East carries with it a serious risk.

Millions of Arabs also live under systems which deprive them of both economic benefits and political freedom. Actual or perceived or manipulated threats to peace increase expenditure on armaments; and the failure of progress towards peace increases the sense of frustration.

We should not be seen to neglect the Middle East, or we risk that region replacing Europe as the world's cockpit. The consequences – increased terrorism, chemical weapons and even nuclear warfare – are too horrific to imagine.

The European Community's founding fathers laid the foundations of peace from which we now benefit. We must find a way of applying their determination, farsightedness, generosity and imagination to the Middle East, which now needs its own Schuman Declaration.

Is a Middle East Community less feasible now than a European Community appeared to be in 1950?

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FINANCIAL TIMES
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GM plans Czech gearbox venture

By Kevin Done, Motor Industry Correspondent, in London

GENERAL MOTORS is carrying out a feasibility study into the making of transmissions in Czechoslovakia as part of its ambitious move into eastern Europe.

It said yesterday it had signed a letter of intent with the Czechoslovak Government to examine the feasibility of building up to 250,000 car gearboxes a year. It hopes to decide on the project later this year and would aim to begin production in late 1992. The transmissions would be exported to GM assembly plants in western Europe.

Separately, the company is negotiating a co-operation deal with Bratislavske Automobilove Zavody (BAZ), the Bratislava Auto works, for possible assembly of light commercial vehicles in Czechoslovakia.

It faces competition for this project from several other western van makers. BAZ is likely to decide on its western partner in the second half of the year.

GM said foreign exchange from the transmission project would support its Opel vehicle distribution activities in Czechoslovakia, with car imports from western Europe. It is studying three potential sites in Povazska Bystrica, Trnavca and Dubnica, all to the north-east of Bratislava.

GM, the world's biggest car maker, is planning an overall rise of about 25 per cent in its European vehicle assembly capacity to more than 2m a year by the mid-1990s, including setting up assembly plants in eastern Europe.

It has already decided to begin its first car assembly operation in East Germany and plans to establish a car components joint venture in Hungary, in addition to plans for an engine and car assembly plant in Hungary, announced earlier this year.

In East Germany, GM will produce 10,000 cars a year at Eisenach, and is studying the feasibility of full vehicle assembly there for up to 150,000 cars a year.

It has already appointed around 200 dealers in East Germany, and by the end of the year the company plans to have dealers and distribution companies in place in six eastern European countries: East Germany, Czechoslovakia, Hungary, Romania, Yugoslavia and Poland.

GM announced in January that it was forming a joint venture with Raba, the Hungarian car and engineering group, to build up to 200,000 engines and assemble up to 30,000 Opel Kadett/Vauxhall Astra cars a year in one of the most ambitious inward investments undertaken by a western company in Hungary.

It is leading the push by western vehicle makers into eastern Europe, along with Volkswagen of West Germany.

GM Europe said it was still unclear if the transmission plant in Czechoslovakia would be structured as a joint venture, or if it would go it alone.

The company currently makes transmissions at four sites in western Europe, Russelsheim and Bochum in West Germany, Aspern near Vienna, Austria, and Strasbourg in France. It also imports transmissions from Isuzu, its Japanese associate company.

Challenge of Unity, Page 3

Soviet party chiefs may delay congress

By Quentin Peel and Leyla Boulton in Moscow

THE bitterly divided leadership of the Soviet Communist Party was yesterday contemplating postponement of next week's crucial party congress, in a desperate effort to avoid final break-up of the party.

Mr Boris Yeltsin, the president of the Russian federation, who said that the congress represented "the last chance ... for a radical renewal of the party," last night threw his weight behind the campaign for a delay.

The move is also backed by the conservative leaders of both the Ukraine and the new Russian Communist Party, conscious of the inevitability of a split with radical reformers if the July 2 congress goes ahead on time.

A decision to call off the whole event could only be taken by a full-scale plenum of the party's central committee, but it emerged yesterday that top officials had been canvassing party leaders in the republics since the weekend.

A delay would represent a further setback for supporters of radical reform, who first demanded that the date be brought forward in a bid to overhaul the entire party apparatus and programme.

Last week's founding congress of the Russian Communist Party, resulting in a significant victory for conservative critics of President Mikhail Gorbachev, underlined the weak position of the reformers.

The change in tactics of the Soviet leader emerged yesterday along with new evidence of the depth and bitterness of divisions at the very top of the ruling party.

In an interview with Pravda, the leading Communist Party newspaper, Mr Eduard Shevardnadze, the Foreign Minister, rounded on critics of Soviet foreign policy.

He denounced the criticism levelled last week by Mr Yegor Ligachev, the leading conservative in the Politburo, and top members of the military high command.

"It is high time to understand that neither socialism, nor friendship, nor good neighbourliness, nor respect, can rest on bayonets, tanks or blood," Mr Shevardnadze said.

"Relations with any country should be built on respect for mutual interests, on mutual benefit, on the principle of free choice. It is in this way that we have begun to conduct affairs, and thanks to this fact, immense changes for the better have occurred in the world."

Lithuanian leader meets Gorbachev

By Leyla Boulton in Moscow

MR Vytautas Landsbergis, the Lithuanian President, held surprise talks yesterday with Mr Mikhail Gorbachev, the Soviet leader, as Lithuania's parliament prepared to consider a deal with Moscow.

A spokesman for the Lithuanian mission in Moscow said that the two men had "discussed bilateral relations, possibilities of negotiations and the USSR's proposals... on Lithuania concerning a moratorium on its independence declaration."

Tass, the Soviet news agency, said in what it called an official report of the meeting that the two leaders had discussed ways of overcoming difficulties in connection with Lithuania's March 11 independence declaration.

It also suggested that the Kremlin wanted to lock Lithuania into discussions for a new union treaty to hold the Soviet Union together.

"The Lithuanian leader was informed that talks... can be held only in the context of an inter-republican dialogue on the preparation of a new union treaty and the formation of a union of sovereign socialist states," Tass said.

Lithuania has already said that it wants outright independence rather than membership of a loose confederation proposed by Mr Gorbachev.

Its leaders have talked of a moratorium of the independence declaration only for the duration of talks on secession.

The 90-minute meeting in Moscow, held at President Gorbachev's request, came just before the Lithuanian parliament was due to debate Mr Gorbachev's proposal that Lithuania suspend its independence declaration for the duration of negotiations.

Tass quoted Mr Landsbergis as saying in a radio address that "Moscow has not exhausted its potential of the advance towards a compromise." But Mr Landsbergis also acknowledged deep divisions among his compatriots.

Mr Gediminas Vagnorius, deputy chairman of the Lithuanian parliament's economic affairs committee, said yesterday that Mr Landsbergis could well return with new proposals from the Kremlin to allay popular suspiciousness towards Moscow.

However, parliament was unlikely to reach any decisions until later this week and that Mr Landsbergis might not report back on his talks with Mr Gorbachev until a meeting of the parliament's governing presidium.

Obstacle race to replace CFCs

Peter Marsh on the green lobby's doubts about the alternatives

WHILE arguments on phasing out the chemicals that damage the ozone layer reach their climax today, spare a thought for Mr John Rankin, engineering manager at the UK division of Hussmann Craig Nicol, a big US maker of commercial refrigerators.

Mr Rankin, like hundreds of engineers in Britain, is wrestling with the task of replacing ozone-depleting chlorofluorocarbons (CFCs) used in products such as refrigerators, air-conditioning systems and plastics packaging.

Another issue is whether the materials being developed as CFC substitutes, many of them chemically related to the same substances, will be subject to international regulations that might limit their use.

An international conference this week in London is discussing the possibility of a ban on CFCs by the end of the century.

Environmental groups such as Greenpeace say many types of materials canvassed by the chemicals industry as substitutes for CFCs are hazards to the environment.

Ms Tracey Heslop, atmosphere campaigner at Greenpeace, said the chemicals industry was resorting to blackmail in efforts to push the world into accepting its CFC alternatives.

She said industry should be doing more to develop new technologies that used neither CFCs nor their substitutes.

Faced with such arguments, Mr Rankin admitted to feeling under pressure.

"We are the tail-end Charlies," he said. "We have to rely on other people coming up with something for us that we can use."

Last year Britain used an estimated 31,000 tonnes of CFCs, roughly half the 1986 figure. About a quarter were used in aerosols, 31 per cent in refrigeration and air-conditioning and 28 per cent in plastics foams for insulation, packaging or upholstery. A further 17 per cent was used in cleaning solvents.

Most of the discussion about CFC substitutes concerns the refrigeration/air-conditioning industry and foam-blowing. A big difficulty for many engineers is which materials are most suitable as CFC substitutes.

Du Pont, Imperial Chemical Industries and other large chemicals companies are developing two classes of alternatives. Both are related to CFCs and have better environmental properties – yet they are far from benign.

The materials are HCFCs, which have a small capacity to damage ozone, and HFCs, which have none. On the other hand, they contribute to global warming.

One HCFC, called HCFC-22, is already being produced in large quantities by Du Pont and used by suppliers such as Hussmann Craig Nicol for large refrigerator installations in places such as supermarkets.

Environmental groups want HCFC-22 banned from use early next century because of its ozone-depleting potential. They also have doubts about HFCs.

Chemicals companies have given warnings that setting limits on the use of HCFCs and HFCs would not give them an adequate return on the hundreds of millions of dollars they are investing in development and research involving the new materials.

Du Pont and ICI said last week they would consider building fewer HCFC plants if regulations imposed on those materials were too tough.

Ms Heslop said such statements amounted to blackmail.

She said that new technologies, such as refrigerators that used helium or propane as a coolant, were not attracting enough development funds.

Ms Fiona Weir, air-pollution campaigner at Friends of the Earth, said propane refrigerators involved slight risk because the gas was inflammable.

However, they could be in use by the end of the century, assuming safety tests showed they were acceptable.

Such arguments notwithstanding, most CFC users assume that many of their future products will use HFCs or HCFCs.

Not all existing CFCs can be easily replaced by the HCFC and HFC materials under development. An HFC called HFC-134a is under development both by Du Pont and ICI, aimed mainly at the cooling systems in domestic refrigerators, rather than in large commercial air-conditioning or refrigerator systems which contain much more coolant material.

For very low-temperature supermarket freezers, HCFC-22 is virtually the only suitable CFC substitute.

Materials costs are also likely to be higher. Many standard CFCs sell for £1,000-£2,000 ($1,720-$3,440) a tonne. HCFC-22, which is made in large-scale plants already, sells for £4,000-£6,000 a tonne.

In many applications, the CFC replacements require a substantial amount of re-engineering.

And in some cases, use of new methods that do not involve CFCs can lead to higher energy costs.

Refrigeration and air-conditioning engineers will have to ensure that poor design involving CFC substitutes does not unwittingly increase energy consumption and greater burning of fossil fuel, leading to more global warming.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	28	82	Dallas †	F	24	75	Madeira	C	22	72	Prague	S	24	75
Algiers	C	31	88	Dublin	R	13	55	Madrid	S	31	88	Reykjavik	S	9	48
Amsterdam	S	24	75	Dubrovnik	S	26	79	Majorca	S	31	88	Rhodes	S	31	88
Athens	F	29	84	Edinburgh	C	16	61	Malaga	S	26	79	Rio de Janeiro		–	–
Bahrain	S	35	95	Faro	S	24	75	Malta	S	31	88	Rome	S	29	84
Barcelona	R	24	75	Florence	S	33	91	Manchester	C	21	70	Salzburg	S	27	81
Belfast	C	14	57	Frankfurt	S	29	84	Melbourne	C	11	52	S'Francisco †	S	12	54
Belgrade	S	26	79	Geneva	S	28	82	Mexico City		–	–	Santiago		–	–
Berlin	F	23	73	Gibraltar	S	23	73	Miami †	F	26	79	Seoul	R	21	70
Biarritz	S	23	73	Glasgow	C	17	63	Milan	S	29	84	Singapore	F	31	88
Birmingham	F	23	73	Guernsey	R	16	61	Montreal †	C	21	70	Stockholm	F	21	70
Blackpool	R	15	59	Helsinki	S	23	73	Moscow	R	19	66	Strasbourg	S	28	82
Bombay	Dr	26	79	Hong Kong	F	31	88	Munich	S	26	79	Sydney	S	14	57
Bordeaux	S	28	82	Innsbruck	S	28	82	Nairobi		–	–	Tangier	S	27	81
Boulogne	F	21	70	Inverness	F	16	61	Naples	S	32	90	Tel Aviv	S	30	86
Bristol	C	19	66	Isle of Man	C	13	55	Nassau		–	–	Tenerife	S	27	81
Brussels	F	27	81	Istanbul	F	25	77	Newcastle	C	13	55	Tokyo	C	24	75
Buenos Aires		–	–	Jersey	C	17	63	New Delhi	S	38	100	Toronto †	S	21	70
Budapest	C	25	77	Johannesburg	S	15	59	New York †	S	19	66	Tunis	S	30	86
Cairo	S	36	97	Las Palmas	S	25	77	Nice	S	28	82	Valencia	S	29	84
Cape Town	C	16	61	Leeds	C	20	68	Nicosia	S	31	88	Venice	S	28	82
Cardiff	C	19	66	Lisbon	F	23	73	Oporto	C	19	66	Vienna	F	24	75
Chicago †	R	21	70	Locarno	C	27	81	Oslo	F	19	66	Warsaw	C	21	70
Cologne	S	29	[illegible]	London	C	21	70	Paris	S	29	84	Washington †	S	22	72
Copenhagen	S	21	70	Los Angeles †	C	16	61	Peking		–	–	Wellington	F	15	59
Corfu	S	32	90	Luxembourg	S	27	81	Perth	S	14	57	Zurich	S	26	79

C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder
† Noon GMT temperatures

EC pledge to Moscow

Continued from Page 1

mit, said he expected the US to share the serious doubts raised by Mrs Margaret Thatcher during a heated debate at the summit.

Japanese diplomats attending the Dublin summit said they expected their country to follow the US lead in Houston.

Mr Lothar De Maizière, the East German Premier who put in a guest appearance at the Dublin meeting, indicated privately that the security aspects of German unity should be negotiated between Nato and the Warsaw Pact, rather than bargained with bank loans.

In their review of developments in South Africa, the leaders resisted a call from Britain that they should respond to President F.W. de Klerk's reform programme with an immediate relaxation of sanctions.

They agreed, however, that the Community should send a clear signal to Pretoria that further progress towards a multiracial democracy would be rewarded by an easing of economic pressure.

Mrs Thatcher voiced disappointment that the restrictions on investment and on imports on iron and steel had not been lifted immediately. She predicted, however, that the Community would follow Britain's lead in the next six months.

Margaret Thatcher: "single currency is not inevitable"

Thatcher struggles against the European current

By Philip Stephens, Political Editor, in London

THE TIDE of opinion in Europe, in her own Cabinet and in her party's natural constituency of industry and finance is carrying Mrs Margaret Thatcher, UK Prime Minister, towards European economic and monetary union.

But she will not travel willingly. At the conclusion yesterday of the Dublin summit, she appeared ready to stake her reputation – and perhaps her political future – on a prediction that Europe's quest for a single currency would fall apart.

Echoing the views of Sir Alan Walters, her former economic adviser, and drawing on Britain's bitter experience during the 1960s with the Bretton Woods fixed exchange rate system, Mrs Thatcher was adamant that the enterprise would fail.

"I do not think a single currency is inevitable," she told a press conference before adding that she was far from persuaded that even the "intermediate" stage of permanently "locked" currencies could work.

Those who had detected the beginnings of a carefully prepared "U-turn" in Britain's alternative plan for a parallel currency based on the European Currency Unit must have been sorely disappointed. Mrs Thatcher declared confidently: "I do not think we are out of step, I think steadily others are coming into step with us." But many of those around her – in the Cabinet as well as in Whitehall – remain convinced that the tide of events will prove irresistible.

The message from the Dublin summit was that Mrs Thatcher would face before the general election due by mid-1992 the choice that many in her Government fear – between signing up for the eventual absorption of sterling into single currency and seeing Britain cut loose from the mainstream of the Community.

That mood is being mirrored at Westminister by a significant shift in the balance of opinion among her own supporters. Among Tory MPs the enthusiatic federalists and the supporters of the much looser European confederation outlined in Mrs Thatcher's Bruges speech have tended to cancel each other out.

In recent months and weeks, however, there have been signs of a subtle shift in the balance of power. Conservative MPs who count themselves as part of the agnostic centre ground have been returning from their constituencies with a simple message: the Government's backers in business and industry are in no doubt which direction it should take. If its partners are set on a single currency and central bank, Britain must be part of the enterprise.

Other European leaders in Dublin acknowledged that the detailed work of the past few months had indicated that building European monetary union (EMU) would not be the risk-free enterprise which some had fondly imagined. The vast majority, however, shared the view of President François Mitterrand of France and Chancellor Helmut Kohl of West Germany that such difficulties must not be allowed to jeopardise their timetable.

Mrs Thatcher will never be convinced that a single currency is inevitable. She might over time be proved right in her forecast that the considerable diversity of economic performance among European Community nations would wreck such a project. From the twin perspectives of Dublin and Westminster, however, it is hard to see how she can avoid including Britain in the attempt.

THE LEX COLUMN

A change of tune from Mr Bush

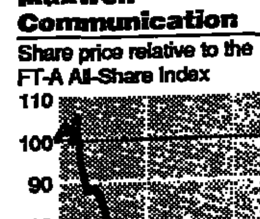
Having read President Bush's lips for long enough, the financial markets would dearly love to believe that he is about to swallow his words and increase US taxes. The cynics will say he has no choice. This year's budget deficit will be twice as big as the $100bn Gramm-Rudman target. Next year's estimated overspend of $80bn-plus is surely too big to be fudged yet again. Admittedly, the President did not mutter any magic words about increasing income taxes; but his terse statement speaks of the need for tax revenue increases. It is an encouraging gesture which should begin the long process of hammering out an acceptable budget compromise.

There is little mystery about the ingredients. The costs of rescuing the savings and loans are increasing, while weak US corporate profits are hitting tax revenues. The situation is considerably worse than a year ago. There has to be a mixture of spending cuts and tax increases if the authorities are to avoid the huge automatic spending cuts which will be triggered by Gramm-Rudman in October. The problem remains of getting everyone to agree without moving the goal posts so much that any proposed compromise loses credibility.

The initial market reaction was broadly correct. US bonds rose and the dollar fell. Meanwhile, the equity market is right to be puzzled. Raising taxes ahead of an election and at a time when the economy is close to recession is not the most astute move politically. Ideally, it should accelerate the move towards lower interest rates; but the Federal Reserve should be sufficiently cynical not to respond immediately.

Maxwell

Maxwell Communication
Share price relative to the FT-A All-Share Index



The full year figures from Maxwell Communications are offered as evidence of the group's transformation into a pure publisher. In accounting terms, purity is not the word which springs to mind. The headline figure shows a 12 per cent rise in pre-tax profits and a 4 per cent rise in earnings per share. This includes an exceptional profit of £19.2m, due to early termination of the lease on the company's headquarters. The lessor, needless to say, is Mr Maxwell himself.

The figure also includes property development profits of £41m, achieved on sales of £36m. This is largely the result of stripping out the property element in subsidiaries sold in the process of transformation from printer to publisher. The surplus over book value has then been classified as operating profit from continuing activities. Net of both exceptionals and property – and as a self-proclaimed pure publisher Mr Maxwell can only have a limited stock of properties left – pre-tax profits are down 15 per cent and earnings down 21 per cent. On that basis, the dividend is only 90 per cent covered.

These are no mere technicalities for a company with net debt of £2.1bn (£0.2 bn of which has been modishly reclassified as auction-rate preference shares). The real rate of interest cover must be a matter for conjecture; but it appears to be well under two times, or half the rate of the previous year. Mr Maxwell has apparently resolved to sell off $800m worth of his publishing assets, plus residual properties worth $150m. Even by his own terms, the purchase of Macmillan and OAG was a colossal gamble. On this showing, there is still no guarantee that it will come off.

Company finances

The UK corporate sector is under pressure, but the squeeze is slow in having significant effects on the economy. It was assumed that three years of corporate financial deficits must result in a decline in investment and a wave of destocking. Indeed, the Treasury built such assumptions into its forecast for slower GDP growth this year. But despite another £7bn corporate deficit in the first quarter, Government figures show gross domestic fixed capital formation reaching a record level and the value of stocks falling only by a small amount. Nor are companies stinting their employees or shareholders; pay settlements are nudging 10 per cent and dividend payments are two thirds higher than two years ago.

The explanation for this paradox is that larger companies have been able to use their overseas earnings, excluded from the CSO figures, to ease the financial pressure. The pain suffered by smaller companies, in contrast, is illustrated by the growing number of bankruptcies.

But it must only be a matter of time before the larger companies start to suffer. Interest payments are 50 per cent higher than a year ago and more than doubled since the first quarter of 1988. The strength of the pound will be diminishing export opportunities and the translated value of overseas profits. But that may be too late to limit the 1990-91 pay round. The government's electoral timing – it still needs the economy to experience a sharper slowdown before it can engineer a recovery – looks increasingly shaky.

AIG

Aircraft leasing is a risk business, but it is still a little mind-boggling to see an insurance blue chip like American International Group eagerly paying $1.3bn for a seat at the table. AIG is not the most obvious owner for International Lease Finance, ILFC's current fleet of 100-odd narrow-bodied jets, or the $10bn of aircraft it has on order. At $16bn, AIG's market capitalisation is about twice that of Citicorp, and 1989 operating profits were $1.8bn: so the deal is readily manageable. But AIG has never been prone to big acquisitions; and it is cautious in its investment policy, with less than 8 per cent of its portfolio in common stocks.

Hence, perhaps, Wall Street's initial response of marking AIG's shares down more than 2 per cent on news of the deal. Given its position at the hairier end of US commercialproperty/casualty insurance, AIG carries quite enough risk in its core business, without adding to it by taking a massive long position in the used aircraft market.

It never pays, though, to underestimate AIG and its president Mr Greenberg. AIG has been smoothly expanding financial services operations in areas like swaps and foreign exchange trading: with ILFC, this division should now be close to AIG's goal of providing 15 per cent of operating profits. And if ILFC can sustain anything like its recent growth rate, this will have been an inspired acquisition: and rather cheap, on 16 times ILFC's expected 1990 earnings.

FINANCIAL TIMES
COMPANIES & MARKETS

Wednesday June 27 1990

INSIDE

Grim warnings push Psion into sharp fall

The share price of Psion, the UK's leading manufacturer of hand held computers, fell sharply yesterday after David Potter, chairman and managing director (left), warned that profits for the first half of 1990 would be significantly below those of the same period in 1989. The principal cause of Psion's distress is a substantial fall in turnover and big losses at Dacom, a small telecommunications company, reports Alan Cane. Page 24

Filofax plans £2m rights issue

Filofax, the troubled personal organiser company, is planning to turn over a new leaf by recommending a consortium offer for 51 per cent of the group, followed by a £2.1m rights issue. Filofax appears to have been hit by a slump in the popularity of some of its products during the last 18 months. Andrew Hill reports on the deal which Filofax hopes will revive the group, and help it to expand. Page 22

Turbulent times for Christiania

Last month Standard and *Poor's, the US-based credit* rating agency, took Christiania Bank by surprise when it reassessed its credit rating to the lowest investment grade debt. The agency's uneasiness with Christiania stems from its capital adequacy, lack of quality assets and lingering credit losses. Karen Fossli looks at the challenges facing Sverre Rostoft, soon to take over the helm of Norway's second-largest bank. Page 16

Chrysler buys Dollar Rent-A-Car

Chrysler, the US automobile manufacturer, is to buy Dollar Rent-A-Car Systems, which claims to franchise the fourth largest worldwide motor rental system. Martin Dickson reports on the latest in a series of tie-ups between US car makers and rental groups, aimed at securing captive markets in the face of rising Japanese competition. Page 18; Opel results, Page 16

Pendulum swings against the pit

Across the US the race is on for 24-hour, worldwide electronic trading. But the exchanges are jockeying for position in a future which no one has yet seen or knows will work. It is precisely this uncertainty which has begun to stalk Chicago's boisterous futures pits, following the link between the Chicago Board of Trade and the Chicago Mercantile Exchange. Many traders feel the advent of electronic trading spells the end of a way of life. Barbara Durr reports. Page 21

Market Statistics

Base lending rates	34	London traded options	21
Benchmark Govt bonds	20	London tradit. options	21
FT-A indices	21	Managed fund service	30-33
FT int bond service	21	Money markets	34
Financial futures	34	New int. bond issues	20
Foreign exchanges	34	World commodity prices	25
London recent issues	21	World stock mkt indices	35
London share service	28-29	UK dividends announced	xx

Companies in this section

Adam Opel	16	Dresdner Bank	16
Amber Industrial	24	ERF	22
Anglo United	22	Edaran Otomobil	19
Apple Computer	18	Entel	16
Aukett Associates	22	Filofax	22
Avesco	24	Fobel Intl	22
BSG Intl	22	Halma	22
Bell Atlantic	16	IBM	18
Bond Corporation	19	LPA Industries	24
Cananea	16	Lincoln National	19
Carroll (PJ)	24	Maxwell Comms	24
Christiania	16	Nat. Australia Bank	19
Chrysler	18	Psion	24
Colonia	16	Reliant	22
Continental Bank	18	Ropner	24
Corning	18	Saatchi & Saatchi	24
Dai-ichi Mutual Life	19	Spong	24
Debenham Tewson	24	Telefónica	16
Dollar Rent-A-Car	18	Williams Holdings	24
		Zapata	18

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Hapag Lloyd	458	+	13
Schering	814	+	14
Falls			
Bayer Hypo	382.5	−	8.5
Deckel (Fr.)	220	−	9.8
Lufthansa	179	−	3.8
Zanders Fein	330	−	9

NEW YORK ($)

Rises			
Amoco	75⅝	+	¼
IBM	116⅞	+	¼
Falls			
Caterpillar	52⅜	−	6¼
Corning	43⅞	−	2⅛
Commercial Bk	15⅜	−	⅝
Motorola	81⅛	−	3

PARIS (FFr)

Rises			
Aux.Entr	1100	+	45.9
Casino	135	+	5.2
Nav Mixte	1575	+	112.5
SCOA	25.2	+	2.5
Falls			
Dassault El	313	−	11.6
Lucaire	450	−	23.7

TOKYO (Yen)

Rises			
Daisue Const	1090	+	91
Japan Paper	913	+	84
Kibun Food	1020	+	95
Nikkatsu	550	+	49
Toyo Boseki	2520	+	220
Falls			
Tokyo Rika Mfg	683	−	49

LONDON (Pence)

Rises			
AcSecSystems	186	+	7
Brent Walker	312	+	8
Brit. Aero	550	+	9
Debenham Tewson	114	+	15
Enterprise Oil	656	+	8
Eurand	136	+	4
Filofax	30	+	5
[illegible] Steam	127	+	11
Lloyds	322	+	5
Macro 4	305	+	7
PMC	707	+	18
Rank Org.	664	+	9
Ropner "A"	127	+	31
Sema	561	+	10
Siebe	520	+	15
Falls			
BPB	230	−	7
Cadbury Sch.	357	−	6
Davy	215	−	7
ERF	153	−	20
ICI	1164	−	10
Midland Bank	295	−	7
NatWest Bank	338	−	5
Parkfield	152	−	16
Reram	12	−	5

Dresdner in East German venture

By Andrew Fisher in Frankfurt

DRESDNER BANK, the West German bank, has formed a joint venture with Deutsche Kreditbank, the commercial arm of the former East German state banking monopoly. The move highlights efforts by West German financial institutions to prepare for currency union on Sunday.

It follows an offer from five West German insurance companies for a majority stake in Deutsche Versicherung, the East German insurance monopoly.

The joint venture will provide Dresdner Bank with 72 new branches, to which it will add 35 of its own. Most of these will be ready by Sunday when full banking operations become possible.

Dresdner intends eventually to open 50 more branches, bringing its network to more than 150 by the end of 1991. Initially, it will employ 3,500 people from Deutsche Kreditbank and 800 of its own staff.

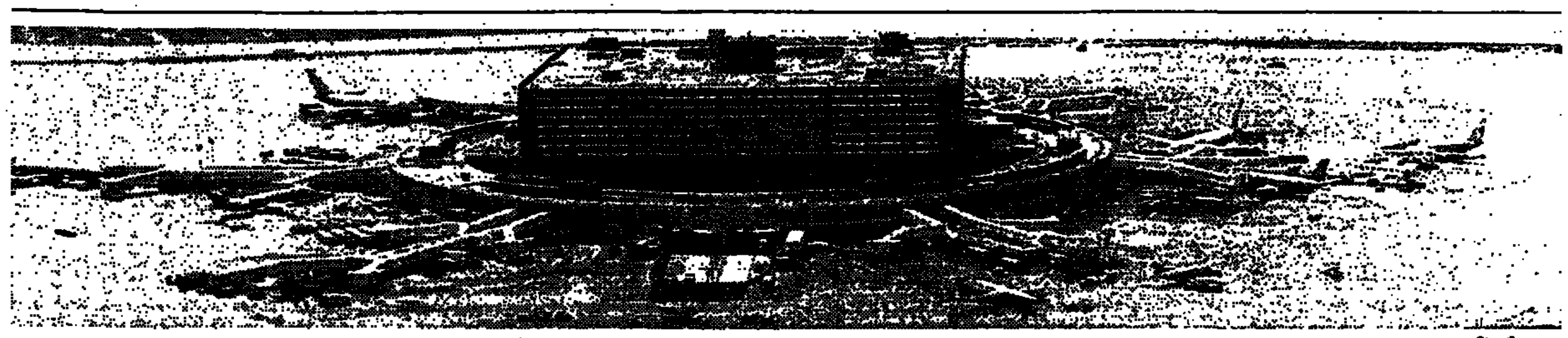
Dresdner will have a 49 per cent stake in the new venture, but will be the largest single shareholder. Deutsche Kreditbank will have 47 per cent, and three East German industrial companies – Carl Zeiss Jena, the optics group, VEM-Antriebstechnik, the engineering company, and Radeberger Exportbier, brewers – will share 4 per cent.

Deutsche Bank, Dresdner's bigger rival, already has 118 branches through its own venture with Deutsche Kreditbank and is opening 12 more. Commerzbank is starting with about 20 branches and 15 mobile outlets, and plans to have 50 branches by the end of the year. Others such as Westdeutsche Landesbank, the big regional public sector bank, are also moving in.

Meanwhile, five West German insurance companies – Colonia (controlled by Groupe Victoire of France), Gothaer, Nordstern, R&V, and Württembergische Feuer – are offering DM270m ($168m) for a 51 per cent stake in Deutsche Versicherung. The bid follows one by Allianz, West Germany's biggest insurer.

Colonia said the terms offered by the five groups were the same as those of Allianz bid. Colonia said the five intended to split the East German group into five regional operations in which other companies could participate. The aim was to prevent a state monopoly being converted into a private one.

Earlier this year, the East German Government agreed to sell Allianz a 49 per cent stake in Deutsche Versicherungs, which would initially have a monopoly of the insurance market. It was disclosed on Monday that Allianz planned to increase its stake in the group to 51 per cent.



Glyn Genin

Out with the old: Terminal One of Toronto's ageing Pearson airport. Pearson lays claim to being North America's third-busiest international airport

Bringing ageing airports up to date

Bernard Simon and Paul Abrahams report on BAA's hopes of redeveloping Toronto airport

Travellers who have suffered through the seemingly endless rebuilding of London's Heathrow airport will have mixed feelings when they discover that the airport's owners plan to export the technique.

BAA, formerly the British Airports Authority, is hoping to sell its skills in refurbishing and managing airports to overseas governments. This week, it takes its most important overseas step so far when a consortium it heads submits plans for an C$800m redevelopment of Toronto's Pearson airport.

The potential market is a big one. Airports around the world are having to build terminals and other facilities to meet rapid growth in the number of passengers and journeys. Paying passenger kilometres are forecast to rise from 1.6bn in 1988 to about 4.6bn by 2008.

But these additional facilities are expensive. In Europe alone, the International Civil Airports Association estimates that airports are planning to invest as much as Ecu 22.9bn (£16.4bn) in new capacity during the next few years.

BAA believes that its experience in running profitable airport and commercial activities will prove attractive to state-owned airport companies anxious to meet passenger growth without making demands on the public exchequer. The company, which was privatised in 1987, has a record of strong profits growth. Earlier this month it reported a 29 per cent increase in pre-tax profits for the year to March 31.

The British company has only a 25 per cent interest in the Toronto consortium, known as Canadian Airports. The other shareholders, so far unidentified, are thought to be Canadian financial institutions.

Canadian Airports' president, Mr Chris Barlow, is a BAA executive who led the recent £110m redevelopment of Terminal Three at Heathrow. The consortium is being put together by Gordon Capital, a Toronto securities firm, which has a mandate to raise up to C$200m in equity for the project. The remaining C$600m will be financed through a long-term mortgage bond.

BAA has been lobbying for the project for almost a year. It has set up an office in Toronto and has listed its shares on the Toronto stock exchange.

The BAA grouping's main challenger is Paxport, a consortium led by two Canadian developers, Bramalea and Matthews Land Development. At least three other groups are also said to have expressed an interest.

Officials say that before taking any decisions, the Canadian Government will probably call for public tenders, a process that could take almost a year.

Toronto is the world's 25th busiest airport, handling 21m passengers last year. Canada's two leading airlines, Air Canada and Canadian Airlines International, estimate that about half their passengers pass through Pearson. Toronto claims to be the third busiest international airport in North America.

Like the recently refurbished Terminal Three at Heathrow, the two existing terminals at Pearson are ageing, inefficient and heavily congested. They have few shops, and almost all of these are located outside the security area, giving passengers little time to browse. Last year more than a third of BAA's income came from commercial activities rather than airport charges.

The key to improving the terminals is the spare capacity which will be created when a new, privately-operated, terminal is opened later this year. Its biggest tenant will be Canadian Airlines International.

Under both the Paxport and BAA plans, the two old terminals will be gutted and rebuilt to include many more retail outlets closer to the aircraft gates. And BAA plans a new building, says a person familiar with the proposal, to be used mainly for checking in passengers.

Sir Norman Payne, BAA's chairman, says that because Toronto will have fewer duty-free shops, it will make less money per passenger than Heathrow. Nonetheless, BAA has told local institutions that it expects the redeveloped terminals to be enormously profitable. "They look on Toronto airport now as everything you shouldn't do, but with the potential to be a huge money generator," says one businessman who has dealt with the consortium.

Pearson airport as a whole generated an operating profit of C$65.2m in the year to March 31 1989 on revenues of C$148m. BAA made £256m on a turnover of £747m.

BAA's interest in Canada was originally whetted by the Government's plan to spin off four of the country's other major airports – in Montreal, Calgary, Vancouver and Edmonton – into new local airport authorities.

A BAA official said that the company is still trying to gain a foothold in these entities. Agreements to set up the first of the new airport authorities are expected to be signed by the end of this year, to be followed by a 3-6 month handover period. Toronto airport will remain under federal Government ownership for the time being, with the redevelopers of the terminals negotiating a long-term lease.

In the meantime, BAA is looking at other non-UK opportunities: Sir Norman Payne was in Hungary last week discussing a possible deal to develop Ferihegy airport at Budapest. BAA's overseas moves are aimed at reducing the company's dependence on the UK market, which analysts believe is now maturing. Charter traffic is down 20 per cent at UK airports this year.

BAA is not alone in its international ambitions. The airport facilities business is a competitive one. Frankfurt Airport recently won a DM750m (£260m) deal to redevelop Moscow's Sheremetyevo Airport as part of a consortium with Lufthansa, AEG, and Dresdner Bank. Another player is Aéroports de Paris, the French airport operator, which recently won a number of small contracts in the Far East and West Africa. The competition for the Toronto contract will indicate how far BAA's hopes of an international future are justified.

Creditors agree $20m loan to Trump

By Alan Friedman in New York

MR DONALD Trump last night narrowly avoided bankruptcy when seven leading bank creditors agreed an emergency $20m, 30-day bridging loan which allowed him to make an interest payment on one of his casino junk bonds.

The last-minute financial manoeuvre will be followed next month by a $65m rescue loan package and a sweeping restructuring of the entire Trump empire. It came despite the refusal of West Germany's Dresdner Bank to go along with Mr Trump's 64 other bank lenders.

If the $20m had not been wired to Mr Trump by midnight last night he would have defaulted on a $43m payment on his Trump Castle bonds. This could have triggered a series of lawsuits and formal bankruptcy proceedings.

Mr Trump's total debt is $3.3bn, of which $2bn is in bank loans and the rest in junk bonds.

The Trump bail-out went ahead after a decision yesterday morning by the seven biggest bank lenders – including National Westminster Bank of the UK, which has at least $50m of Trump loans – to abandon their attempt at unanimous agreement among the various loan syndicates.

Bankers involved in the rescue talks said it was clear that a forced immediate liquidation of the Trump empire would not realise proceeds adequate to match his debts.

Essentially, the Trump rescue accord consists of:

- The suspension of interest payments for a period of two to three years on properties not making money and the handing of equity in others to the banks by way of second liens;
- The appointment of a chief financial officer by the banks;
- A commitment by Mr Trump to dispose of several major assets in an orderly fashion. The Trump Shuttle airline, personal yacht and Plaza Hotel are believed to be among these assets;
- The imposition by the banks of a personal spending allowance on Mr Trump of $450,000 a month.

Dresdner Bank has a $15m exposure on the flagship Trump Tower property on Fifth Avenue. It refused to accept a subordinate lien on the Trump Tower and asked either to be bought out by the other banks or to receive a special dispensation or indemnity separate from the overall debt package.

AIG to acquire world's number two aircraft lessor for $1.3bn

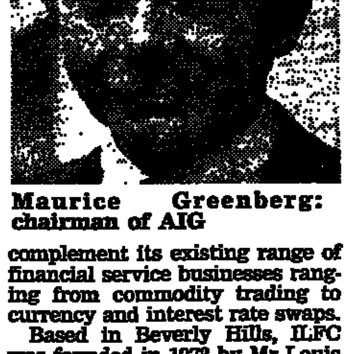
By Roderick Oram in New York

INTERNATIONAL Lease Finance *Corporation*, the second largest aircraft lessor in the world after GPA of Ireland, has agreed to be acquired by American International Group, the US insurance and financial services company, for $1.3bn (£749m).

For ILFC, which is growing rapidly with the booming demand for new airliners, AIG represents a source of low-cost funding for its burgeoning lease portfolio. As part of the transaction, AIG will put up $125m of fresh capital for ILFC.

ILFC's management had expressed concerns about its ability to raise enough funds at attractive rates for its ambitious plans to expand its business.

For AIG, the most internationally minded of US insurers, ILFC takes it into another and potentially highly profitable field to complement its existing range of financial service businesses ranging from commodity trading to currency and interest rate swaps.



Maurice Greenberg: chairman of AIG

Based in Beverly Hills, ILFC was founded in 1973 by Mr Louis Gonda, executive vice president, Mr Leslie Gonda, his father and chairman, and Mr Steven Udvar-Hazy, president. Together they hold some 55 per cent of the publicly traded company's stock.

It will become an independent unit of AIG and the present management team will continue to run it from California. It will continue to issue its own debt of which it has outstanding currently some $1.5bn in commercial paper and medium-term notes.

AIG is offering shareholders $32.50 cash for each share or 50 cents cash plus 0.3 of an AIG share. ILFC shares rose $3¼ to $30¾ yesterday on the over-the-counter market.

The takeover will end the frustration that ILFC's management had reportedly felt with the stock market's low valuation of it. Investors tended to see it as a debt heavy company.

Maxwell to sell off some interests

By Raymond Snoddy

MR ROBERT MAXWELL, chairman of Maxwell Communication, has decided on a further refocusing of the group's strategy. He plans to take the company out of publishing businesses dependent on advertising revenue and to concentrate on professional publishing and information.

Yesterday he reported pre-tax profits of £172.3m for the year to March 30, an increase of 12 per cent compared with the 15 months to March 1989 treated on an annualised basis, and said he intended to dispose of "non-strategic businesses" worth $800m to reduce debts running at £2.1bn at the end of the financial year.

The result disappointed some analysts who said that after stripping out property deals there was little real growth in operating profit.

The chairman of the company that has been transformed from a printing and publishing company into a "pure publishing company" in the past 15 months is now going to refine the business further.

For the first time Mr Maxwell was apparently including mainstream publishing businesses in his definition of non-strategic." He refused to say what interests he planned to sell, but placed new emphasis on professional information provision and said the disposals would come from the 10 per cent of the company which relied on advertising.

This would make Maxwell Business Communications and Maxwell Consumer Publications the main candidates for sale. Mr Maxwell was emphatic, however, that he intended to keep his residual minority printing stakes in BPCC, QPI and Donohue of North America.

He also conceded that he was negotiating to buy Mr Alan Bond's stake in British Satellite Broadcasting, although any purchase would not be through Maxwell Communication.

Mr Maxwell has blown hot and cold on the stake in the past, but yesterday confirmed his renewed interest. "We are being courted by all concerned and we are looking at it," he said.

He was one of six on a list of potential purchasers of Mr Bond's 28 per cent stake approved by the main BSB shareholders Granada, Pearson, publishers of the Financial Times, Reed International and Chargeurs of France.

He also made it clear yesterday he intended to continue buying shares in The Independent newspaper up to the 24.9 per cent limit.

Details of results, Page 26

Argentina telecom sale set to make largest swap

By **Gary Mead** in Buenos Aires and **Our Financial Staff** in London

ARGENTINA is set to carry out Latin America's largest debt-equity swap through the sale of 60 per cent of Entel, the nationalised telecommunications company, to Telefónica of Spain and Bell Atlantic of the US.

Entel's privatisation has been in the offing for almost a year and is a key element of President Carlos Menem's platform of economic reform. The deal, which requires final approval from Mr Menem, involves the splitting of Entel into two separate companies based on geographically divided lines.

For Entel South, Telefónica's accepted bid comprised $114m cash, $2.18bn debt paper, and $540m interest outstanding on that debt. For Entel North, Bell Atlantic's accepted bid was $100m cash, $1.86bn debt paper and $372m interest outstanding.

Several other interested foreign operators dropped out of the running in the past few weeks. However, the Italian telecommunications company Stet, in alliance with France Cable et Radio, stayed the course, only to fall at the final hurdle as its bid was rejected.

For both Telefónica and Bell Atlantic, the deal is further evidence of their international ambitions.

Earlier this year the Spanish company paid $388m for Alan Bond's 43.72 per cent stake in Compania de Telefonos de Chile, while this month Bell Atlantic teamed up with Ameritech to buy Telecom Corporation of New Zealand for NZ$4.25bn (US$2.49bn). The stake will eventually be reduced to 49 per cent.

Soon after Monday's announcement in Buenos Aires the deal was attacked by Mr Rodolfo Terragno, who as Minister of Public Works during the previous Alfonsin Government failed in an attempt to sell Entel. He criticised as too little the cash paid for what amounts to 60 per cent of Entel.

However, Ms Maria Julia Alsogaray, the state-appointed manager of Entel whose task it was to privatise the heavy loss-making company (in 1989 Entel lost $1.46bn), had persistently pushed the debt-equity swap as the sale's most important element.

For many analysts too, the deal's greatest significance is its debt-equity exchange component. Argentina's $62bn foreign debt makes it the region's third largest debtor, after Brazil and Mexico.

The price finally agreed for the Argentine debt exchanged in the sale was fixed at 13 per cent of face value, a figure close to that on secondary debt markets.

While the sale has been pushed through in double-quick time it has been completed with little of the expected political furore and trades union opposition.

Telefónica has been interested in buying into Argentine telecommunications for at least two years. Its consortium bid is backed by Techint, a local construction and steel company, and by Citibank of the US.

Bell Atlantic's chief partner is the US bank Manufacturers Hanover, which has been involved in several other debt-equity swaps in the country's private sector.

Opel earnings rise by 122%

By Andrew Fisher in Frankfurt

ADAM OPEL, the West German subsidiary of General Motors of the US, expects profits to jump further this year to around DM1.4bn after a rise of 122 per cent in net income to DM1.1bn ($655m) in 1989. It is paying GM its first dividend for 11 years.

Opel is also still considering whether to make a heavy investment in East Germany at the Eisenach car plant. Mr Louis Hughes, chief executive, said "the chances are decent" that a new plant to assemble 150,000 cars a year would be built there, the biggest uncertainty being production costs. It will make a decision this autumn.

With last year's profits surge, Opel has left its loss-making years of the mid-1980s further behind. As well as striving to trim costs and raise efficiency, it has increased sales and output and improved the image and attractions of its model range, now including the successful Vectra saloon.

Mr Hughes said performance in 1989 had been helped by the buoyant economy, with turnover up by 19 per cent to DM21bn. Opel has just launched its new sports coupé, the Calibra, with this year's planned production of 30,000 cars already sold out. Yearly output will thus be increased to more than 60,000 units by using a Finnish plant of Saab's car division, of which GM has taken control.

Commenting on 1990, Mr Ferdinand Schwenger, finance director, said an even better result would be achieved. The net return on sales, 5.4 per cent last year, would rise at around the same rate as turnover, which he forecast would move up by at least 10 per cent.

Mr Schwenger said corresponding projections of a possible 6 per cent return on sales and net income of some DM1.4bn "do not lie very far from our own estimates." Contributing to the more than doubling of profits in 1989 was the fact that material and labour costs grew more slowly than revenues.

Elaborating on plans in East Germany, where Opel starts limited Vectra assembly in October, Mr Hughes said important considerations for a new plant would be wage levels and employee readiness to accept a new working environment.

Opel wanted to apply in Eisenach lessons learned at GM's Californian joint venture with Toyota of Japan, where teamwork and decision-making involvement are stressed.

"We want to use the factory as a sort of laboratory," he said. "It is a once-in-a-lifetime chance to start a new operation with everything going the right way."

Consortium wins control of Mexican copper mine

By Richard Johns
in Mexico City

A CONSORTIUM, led by Mexico's Ingenierios Civiles Asociados (ICA) and entrepreneur Mr Bernardo Quintana Jr, have emerged as the clear winners in bids to privatise Compania Minera de Cananea, Mexico's largest copper mine.

The consortium has offered the knock-down price of only $468m or the equivalent in Mexican pesos. The price for Mexico's most sensitive property put up for privatisation is a little more than half the original $910m set by the Government.

Final acceptance is expected shortly by the judicial authorities and the official receivers responsible for the sale of Cananea, which was declared bankrupt last August - as a means of forcing a reduction in the workforce and eliminating restrictive practices.

The consortium, Cuprifera de Cananea, emerged as the only bidder before the Monday deadline. Foreign partners in Cuprifera are Teck of Canada and Metallgesellschaft of West Germany.

ICA and Mr Quintana have been sitting on considerable cash following the sale last year of Cementos Tolteca to Cemex, the leading Mexican cement producer.

It is believed that the municipality of Cananea, totally dependent upon the enterprise, will be given a 5 per cent stake in the copper mine — rather than the mine workers' union which was interested in equity participation.

Metallgesellschaft was originally expected to associate in a bid with Mr Manuel Espinosa Iglesias, the chief shareholder in Bancomer before its 1982 nationalisation. Mr Espinosa, however, may have decided to concentrate his resources on regaining a stake in Bancomer, Mexico's second largest commercial bank, which is also due to be privatised.

The Government is reported to have favoured a European rather than a US participation in the copper privatisation, which had failed to get off the ground on two previous occasions. The mine produces 10,000 tons of copper a month.

Grand design for a Norwegian bank

Karen Fossli reports on the problems for Christiania's new president

A tough challenge awaits Mr Sverre Rostoft next month when he takes the helm as president of Christiania, Norway's second largest bank, and with it responsibility for the bank's "grand design" for business development over the next two years.

Christiania, known as Kreditkassen og Christiania in Norway, has ambitious plans to expand into insurance and mortgage credit businesses within its new holding company structure. But Mr Rostoft, who succeeds Mr Tor Moursund, Christiania's president for 13 years, is likely to have other things on his mind.

Mr Moursund, who is to step up to the post of board chairman, will hand over the blueprint of the business development plan.

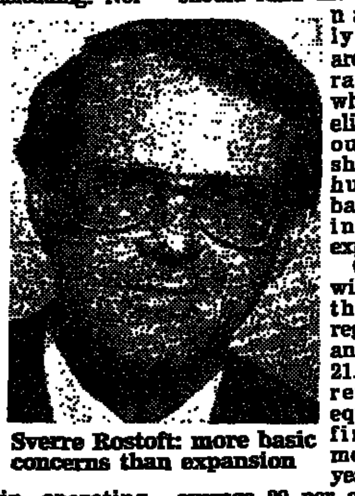
But Mr Rostoft's ability to implement it may be limited by Christiania's weak capital adequacy position — and he is worried about what might be necessary to put things right.

Already, chances for expanding outside banking are being missed. Storebrand and Uni Forsikring, two insurance companies, were widely considered as candidates for a link with the bank, but recently announced a plan to merge. Norway's regulators are not likely to be as supportive of a link between the new Uni Storebrand and Christiania as they might have been of a tie-up between the bank and one of the insurers.

Last month Standard & Poor's, the US-based credit rating agency, took Christiania by surprise when it lowered the bank's credit rating to A-3, its lowest investment grade debt rating. The problem is Christiania's capital adequacy, distinct lack of quality assets and lingering credit losses.

"While credit losses may not continue to grow, asset quality problems are likely to linger in the short- to medium term, frustrating efforts to improve earnings to bolster core capital," believes S&P.

It is true that, for the first four months of 1990, Christiania's credit losses fell 30.2 per cent from the year-earlier figure to NKr356m ($55.3m) but that may be misleading. Norwegian banks no longer have to estimate credit losses for the year as a whole when booking losses for the individual accounting periods.



Sverre Rostoft: more basic concerns than expansion

Operating profit in the opening period of 1990 dropped to NKr728m from NKr955m because of a reduction in gross income. S&P points out that "it may be difficult to sustain the improvement in operating income which the bank experienced in 1989, which resulted largely from a declining interest rate environment and profits from capital markets activity."

At the end of April the bank had increased assets by NKr25.8bn to NKr146.4bn, largely because of last year's acquisition of Sunnmoersbanken, a medium-sized bank which had earlier run into acute solvency problems.

But, to spruce up asset quality, Mr Rostoft now intends to hold a late, extended spring cleaning of the bank's balance sheet which is likely to continue throughout 1991. "We will start to discard business and unload balance sheet items with the lowest margins and undertake more off balance sheet activity," he explained.

"Big corporate credits" which tend to be business with "thin margins" are the target of Mr Rostoft's spring cleaning. "The big corporate names should fund themselves internationally . . . there are good corporate names which we can eliminate from our balance sheet without hurting the bank's earnings," he explained.

Compared with banks in the Nordic region, Christiania achieved a 21.95 per cent return on equity in the first four months of the year against an average 20 per cent for Sweden's top five banks. But the Swedish banks have better asset quality by international standards, while their capital adequacy is more in line with Bank for International Settlements (BIS) standards.

It has been estimated that Sweden's banks on average have twice the core capital of Norway's banks. Norway's top two banks are at the low end of the credit-rating spectrum while Sweden's banks are at the top end.

Mr Rostoft's deep concern over Christiania's weak capital adequacy is aggravated by the BIS requirement that total equity should amount to 8 per cent of risk-weighted balance sheet items. "The new BIS requirements for 1992 are already starting to bite. It's coming fast and we all have to adapt and for some [Norwegian] banks this is going to present problems," he admits.

Christiania has set a goal to increase its core capital by 3.5 per cent this year and by 4 per cent in 1991. The bank needs to raise some NKr900m to strengthen core capital to meet BIS requirements.

This assumes asset growth of 10 to 15 per cent, of which around a third would qualify as core capital in BIS terms. Core capital may be able to be increased by NKr2bn by 1992, Mr Rostoft believes.

Taking into account end-December figures of the three banks, group capital ratio in terms of BIS requirements is put at 6.62 per cent. The figure is 8 per cent if equity is calculated according to existing rules which call for a minimum of 6.5 per cent of an asset base comprising total assets less equity and risk-free assets.

The problem for Mr Rostoft is matching strategic goals with financial demands. Christiania this year acquired Soerlandsbanken, a small regional bank. But, says S&P, "The decision to acquire two regional banks [including Sunnmoersbanken] may be strategically sound but comes at a time when the diversion of staff and resources from the bank's existing operations could negatively affect its overall operating performance and counter any improvements in capital adequacy."

Former Ward White chairman sues Boots

By **Maggie Urry** in London

MR Philip Birch, former chairman and managing director of Ward White, the UK retail group, yesterday started a £4.7m ($7.8m) High Court suit against Boots, which took over Ward White last August following a £900m contested takeover bid.

Mr Birch is claiming damages, interest on the money and costs.

If he is successful, it is thought it will be the largest pay-off in British corporate history.

Mr Birch said yesterday he was summarily dismissed by Boots after 19 years with Ward White. He said he was "generally considered by independent observers to have done a first-class job for Ward White's shareholders."

Boots has declined to comment on the issue. Mr Birch has already received a lump sum from the pension fund of nearly £1m and is receiving an annual pension of £350,000.

The writ, which formally cites Ward White as the defendant, says that Mr Birch was due five years notice of the ending of his contract with the company. The contract promised an annual salary of £117,663 rising at least in line with retail price inflation, plus commission based on profitability, pension contributions, $25,000 a year from the group's US businesses, and a car — although Mr Birch had agreed to pay for petrol and oil "consumed while such car was being used for private purposes".

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INTERNATIONAL COMPANIES AND FINANCE

IBM reveals computers that aim for high volume

By Louise Kehoe in San Francisco and Roderick Oram in New York

INTERNATIONAL Business Machines yesterday unveiled a new range of home computers with which it aims to unleash high volume consumer demand for personal computers.

"This is the first step in a 10-year march. By the year 2000 the home computer will be as pervasive as the video cassette recorder is today," said Mr Tony Santelli, IBM vice president of new business development and head of the team that has developed the new PS/1 home computers.

"We are taking the personal computer out of the speciality market and putting it into the mass market," added Mr Bill McCracken, IBM vice president of distribution channel management. IBM will offer the PS/1 computers in US department stores as well as through its established computer dealers.

The PS/1 computers range in price from $999 to $1,999. Based on the Intel 286 microprocessor, the PS/1 is compatible with IBM's existing PS/2 office-style personal computers and share many technical features. All PS/1s sold in the US will incorporate a modem which can be used to connect the computer to on-line information services. Options include a colour screen and hard disk drive.

However, the home computers incorporate features that make them much easier to set up and to use, including built-in software that puts instructions on to the computer screen as soon as it is switched on.

To overcome the complexities of computing, IBM will offer on-line assistance to PS/1 users via Prodigy, its videotext on-line information service joint venture with Sears Roebuck. PS/1 purchasers will be given a 90-day free subscription to Prodigy and the option to continue using the service at a cost of $10 per month.

IBM is introducing the PS/1 in three regions of the US now: Chicago, Dallas and Mineapolis. By the fourth quarter it will be available throughout the US and a launch in Canada later this year is also planned.

IBM will begin introducing the PS/1 in Europe in the fourth quarter, but it will lack some features such as the modem and the link with databases such as Prodigy. IBM said the lack of a pan-European data service necessitates this approach but it will evaluate the services on a country-by-country basis to see if they can be added later.

Apple finds new US president

Apple Computer has reached outside the company to find a new president for its US operations, writes Louise Kehoe.

The company yesterday announced the appointment of Mr Robert Puette, formerly with Hewlett-Packard, to fill the post vacated in January by Mr Allan Loren, who abruptly resigned.

Mr Puette will be responsible for Apple's US sales, marketing, support and distribution activities. He comes to Apple after a 24-year career at Hewlett-Packard, where he led the start-up, development and expansion of Hewlett-Packard's personal computer business. His most recent position at Hewlett-Packard was general manager, Personal Computer Group.

● Apple Europe said in Cork yesterday that it intended to invest $45m in establishing a new North European Operations Centre in Apeldoorn, Holland, complementing its manufacturing operations in Ireland, *adds Alan Cane.*

Continental Bank to shed staff and post loss

By Karen Zagor in New York

CONTINENTAL Bank, the Chicago commercial bank, yesterday said it would cut its payroll of 6,720 by about 13 per cent and report a second-quarter loss after establishing a $50m special pre-tax reserve to cover the costs.

Although Continental's shares fell $⅞ yesterday to $15⅛ at midday on the New York Stock Exchange, trading was fairly light and the news had little effect on a market which has already been battered in recent months by the ill fortune of the US banking industry.

Continental's share price has suffered in recent months from concern over the bank's high concentration of real estate and its exposure to highly leveraged transaction loans.

In April, Continental reported a 25 per cent plunge in first-quarter income to $56.7m or 89 cents, including extraordinary gains of $34m.

Continental said it planned to leave several unprofitable businesses including futures and options execution and clearing.

Zapata close to deal for sale of drilling fleet

ZAPATA Corporation, the financially troubled group whose activities include the exploration and production of oil and gas, and commercial fishing and processing, said it was close to a deal to sell its 12-rig offshore drilling rig fleet. It is discussing the sale with "a number of potential buyers," said Mr R.C. Lassiter, chairman, at the annual meeting, Reuter reports.

An official said if a sale was not completed, "then it's Chapter 11 (bankruptcy)."

Zapata, in common with most offshore drilling companies, has been plagued by losses in recent years because there are too many offshore rigs chasing too little business, particularly in the Gulf of Mexico.

Chrysler to buy car rental group to fight falling market share

By Martin Dickson in New York

CHRYSLER, the US vehicle manufacturer, is to buy Dollar Rent-A-Car Systems, which claims to franchise the fourth largest worldwide motor rental system, in the latest of a series of tie-ups between US car makers and rental groups.

The purchase price was not disclosed but Chrysler said rental revenues for Dollar and its franchisees totalled more than $600m last year.

US car manufacturers, concerned about their declining domestic market share and the inroads of Japanese competitors, have been rushing to form links with rental groups in an attempt to secure captive markets for their products.

Dollar is a California-based company which began life in 1966 when its owner, Mr Henry Caruso, set up a single outlet in Los Angeles. It now operates from 1,000 locations and has an average yearly rental fleet of 80,000 vehicles, 51,000 of them in North America.

It specialises in "in terminal" operations at every large US airport and most medium and small hub ones. This means that it has rental counters inside the airport terminals, which gives it a big advantage in attracting business travellers.

Chrysler acquired two other rental companies last year. One was Thrifty, which has an average yearly fleet size of 45,000 vehicles, 37,000 of them in North America, and operates an "off-airport" network. This means its facilities are located slightly away from terminals, which reduces its overheads and allows it to be more competitive on price.

The other was Snappy, with 20,000 cars, which specialises in temporarily replacing cars for drivers whose normal vehicle has been damaged.

Mr William Lobeck, chairman of Chrysler's Pentastar car rental holding company, said Dollar's performance had been particularly impressive over the past three years and the company's in-terminal operations would complement Thrifty and Snappy.

Chrysler's share of the US car market has fallen sharply this year. Dollar will be a large customer, since it buys 70,000 to 80,000 vehicles a year.

Corning income slips 3%

By Karen Zagor

CORNING, the US speciality glass group which last year changed its name from Corning Glass Works, yesterday reported a 3 per cent decline in second-quarter net income, reflecting market disruptions in South Korea and softness in the US economy.

Net income for the three months ended June 17 fell to $67.1m or 71 cents a share from $69.4m or 76 cents a year earlier, although sales in the three months grew 17 per cent to $678m from $579.8m.

Sales grew only 6 per cent, however, when adjusted for the consolidation of Siecor which was formerly an unconsolidated affiliate.

For the first half, Corning's net income was $114.2m or $1.20 a share against $111.2m or $1.23 on sales of $1.28bn against $1.11bn a year earlier.

Corning said that improved operating profits in the latest quarter were more than offset by a sharp decline in equity-company income, mainly from its joint venture in South Korea.

Most analysts had expected improved profits in the second quarter and shares in Corning dropped $2¼ to $43⅛ in moderately active trading yesterday on the New York Stock Exchange.

The US group said sales from its laboratory services and communications businesses grew significantly in the second quarter, while the performance of Corning's speciality materials business was flat.

Sales of consumer housewares weakened in the three months. This was attributed by Corning to turmoil in the US retail market and a change in Corning's normal seasonal credit programmes.

Dai-Ichi Mutual in $312m US alliance

By Martin Dickson in New York

DAI-ICHI Mutual Life Insurance, Japan's second largest life assurance company, is to pay some $312m for a 9.6 per cent stake in the Indiana-based Lincoln National – the largest investment in a US insurer by a Japanese one.

The two companies said yesterday that they had formed a strategic alliance to develop business relationships in investment management, reinsurance, pension products and group health products.

Dai-Ichi Mutual, the third largest insurer in the world, is to buy two new series of Lincoln National convertible preferred stock, valued in total at $312m.

The first series, to be bought immediately, will give it a 5 per cent stake in the group. The second tranche, which will probably be acquired in May next year, will boost its stake to 9.6 per cent.

Lincoln National is the seventh largest publicly-held insurance and investment management company in the US with 1989 net income of $268.8m, revenues of $8.1bn and assets of $25.1bn.

While Japanese houses have taken substantial stakes in Wall Street securities firms over the past few years, this is believed to be the first large investment in an insurer, although Tokyo Marine bought Houston General for $50m some 10 years ago.

Mr David Seifer, an analyst at broking firm Donaldson Lufkin & Jenrette, said the Lincoln deal could be the forerunner of others. The pact would allow Lincoln to reduce its leverage, while Dai-Ichi Mutual would benefit from the US company's knowhow.

"But the future depends on what Lincoln can do with this capital and how they perform in developing products for Dai-Ichi in the Japanese market," he added.

A Lincoln official said the group hoped to be able to sell its domestic products to Dai-Ichi Mutual clients with subsidiaries in the US, while the link-up should also improve its knowledge of the Japanese capital markets. It hoped it would also improve the visibility of its investment capabilities in the international equity markets.

The new shares will reduce its debt-to-equity ratio from 28 per cent to 16 per cent.

The two companies already had a limited relationship. They reached a reinsurance agreement in 1987, and Mr Ian Rolland, chief executive of Lincoln, said relations between the two stretched back almost 30 years.

"This is an alliance for two companies who are familiar with each others' strengths and values," he added. Shares in Lincoln National rose $3⅜ to $55¼ in early trading yesterday on the New York Stock Exchange.

Tortuous twists in a Bond thriller

Andrew Freeman previews tomorrow's investors' meeting in London

As Bond Corporation, the main quoted company in Mr Alan Bond's Australian corporate empire, prepares for tomorrow's meeting in London of investors in its convertible debt, some bondholders are preparing to take the company to the brink of liquidation to obtain a better deal.

They are angry because they believe Bond Corp has tried to force them to give up their remaining rights in the vague hope that they might get some money back in a few years' time.

They want the company to put an alternative on the table, such as an option giving them the chance to sell their bonds back to Bond Corp at a deep discount.

In particular, they say the call for them to wave through the A$1.8bn (US$1.4bn) sale of Bond Brewing Holdings to Bell Resources, an independently managed affiliate of Bond Corp, is an onerous request.

It involves them giving up the protective covenants which give the bondholders their remaining vestige of control over the brewing assets. The Swan, Castlemaine XXXX and Toohey's brewing business is vital because it is the largest asset in the group capable of producing substantial earnings.

"People who hold just Bond Corp's convertible paper saw it peak at $1.20 – now it's worth 5 cents. They have already written off a huge amount; why should they trust Bond Corp again by giving up their covenant?" asked Mr Paul Curtis Hayward, specialist convertibles sales officer at James Capel, the broker which makes markets in both Bond Corp and Bell Resources paper.

In addition, they are being asked to give up an interest payment due at the end of this month and approve a one-year moratorium on further payments. This means suspending immediate receipt of £4.8m and $11.5m on the two convertibles directly concerned.

The two issues convertible into Bond Corporation are a $200m 5½ per cent issue and a £80m 6 per cent deal, both due to mature in 1997. They were issued for Bond Finance International.

In return for a waiver, holders would be given a promissory note which, in the event of the group's subsequent liquidation, would place them further up the ranking of creditors.

However, according to Mr Peter Lucas, a director of Bond Corp, if bondholders insist on the payments and the group has to be liquidated then the money can be recovered later to pay off higher-ranking creditors.

Alan Bond: Empire faces complicated problems

A minority of investors wants Bond Corp to signal its good intentions by offering them some sort of buy-back option.

"A guarantee that subordinated holders will get a percentage of any pay-out to senior and secured creditors would be one way Bond Corp could lend credence to its assertion that it will provide higher value to the securities than liquidators would," said Mr Curtis Hayward. "This is a constructive suggestion; we want to see maximum value for investors."

Bond Corp has ruled out such a deal on legal grounds. "We are offering a promise that a precise proposal for the restructuring of the group will follow the sale of the brewing assets," Mr Lucas said last week.

However, the complicated problems faced by Bond Corp make it likely that the measures will be approved by most bondholders.

Investors with a strong requirement for income-yielding investments would have sold their Bond interests long ago as the group's debt servicing problems began to unfold.

Many of the remaining holders also own paper in Bell Resources and stand to see a greater return on those assets if they vote through the brewery sale.

Tomorrow's meeting could be over before it begins if Bond Corp fails to gain the necessary quorum.

For the first resolution on the sale of the brewing assets, it needs a 75 per cent majority from holders of half the issues by value. For the coupon waiver, a stiff 66 per cent quorum must give a 75 per cent approval.

If the meeting is inquorate, Bond Corp can quickly call an adjourned meeting where much smaller participation is required. In that event, the measures are likely to be passed.

Singapore to double limit on bank holdings

By Gordon Cramb

SINGAPORE is to double the limit on the holding foreigners can own in local banks to 40 per cent of their capital, according to Mr Lee Ek Tieng, managing director of the Monetary Authority of Singapore (MAS), the country's quasi-central bank.

Overseas investors have been enthusiastic buyers of the banks' shares – but the news yesterday caused consternation. Shares registered as being foreign-held are traded separately and had commanded premiums of as much as a third over their locally owned equivalents.

In London trading yesterday, foreign shares in OCBC, one of the island's Big Four banking groups, plunged to S$9 from S$10.80, although they remained above the S$8.35 price for locally held units.

Mr Lee, although giving no timetable, said: "In view of the recent developments in the capital market and the greater maturity of the banking industry, a rationalisation of the foreign ownership limit . . . was considered necessary."

The existing limit of 20 per cent on finance companies would remain, as would the 5 per cent ceiling which any single group of foreign shareholders could own in a bank.

Mr Mike Franklin of Singapore-based Kim Eng Securities said: "It might be several months before the premium builds up again."

National Australia Bank quits stockbroking sector

By Bruce Jacques in Sydney

NATIONAL Australia Bank (NAB), one of Australia's Big Three private banks, is quitting the country's troubled stockbroking industry.

Mr Nobby Clark, NAB managing director, announced yesterday that the bank would withdraw from Melbourne-based A. C. Goode, its wholly-owned stockbroking arm which is one of the country's oldest broking firms.

Mr Clark said this followed a review of activities and the decision to focus more sharply on core banking. He said all options for Goode were being reviewed and it is understood that the broker will not close immediately.

But industry operators indicated that the bank was unlikely to find a buyer for its Goode equity, and ultimate closure was therefore considered likely.

The NAB bought Goode in the late 1980s as part of a rush by Australian-operating banks into the then healthy stockbroking industry.

But dwindling market turnover has seen nearly 20 per cent of Australia's former 100-plus broking firms wither over the past 18 months, either through merger, severe curtailment of operations or closure.

Goode is the first such firm owned by a Big Three bank to be put directly under threat, and this has raised concerns about the commitment of the two other main private banks to their stockbroking operations.

Westpac has recently drawn Ord Minnett, its 100 per cent-owned Sydney broker, further under its direct management and ANZ's Melbourne broking operation, ANZ McCaughan, has trimmed its operations.

Malaysian offer oversubscribed

EDARAN Otomobil Nasional (EON), the sole distributor of the Proton Saga, Malaysia's national car, said yesterday that its public offering of 13.1m shares was 22 times oversubscribed, AP-DJ reports from Kuala Lumpur.

The government-controlled company floated 30 per cent of its 120m shares at M$4.30 each, allotting 18.7m units principally to state investment funds and about 4.2m shares to its employees and car dealers.

EON received applications for 301.8m shares in the public offering. The company is expected to be listed on the Kuala Lumpur Stock Exchange by mid-July.

The offering reduces the Government's stake to 49 per cent from 65 per cent.

US Treasuries rebound as Bush backs tax increases

By Janet Bush in New York and Stephen Fidler in London

US Treasury bond prices ended the day with modest gains after rising sharply in the morning following a statement by President George Bush acknowledging the need for tax revenue increases which raised hopes of an accord to cut the US budget deficit.

Prices had opened little changed from Monday's sharply lower closing levels, but then rose strongly after the Bush statement, before falling back in the afternoon.

In late trading, the Treasury's benchmark long bond was quoted $\frac{1}{8}$ point higher to yield 8.51 per cent after gaining ¾ point to yield 8.49 per cent earlier in the day. Short-dated maturities, which at mid-session were up by as much as $\frac{1}{16}$ point, ended the day with gains of around $\frac{1}{16}$ point.

President Bush said that revenue increases would have to be part of any responsible deficit reduction package. Democratic leaders responded favourably to the statement.

GOVERNMENT BONDS

The clear deterioration in the budget shortfall coupled with the enormous costs of the thrift bail-out have weighted the bond market down with record supply.

The rally yesterday morning wiped out Monday's losses which came on concern about this week's supply. The buying was a mixed blessing as it depressed yields in advance of yesterday's record $11.25bn sale of two-year notes.

At Monday's higher yields, dealers had been quite confident about the two-year auction. The real test of final demand, however, is expected to be the $8.25bn four-year note sale today because of the longer maturity.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	94-18	+03/32	12.34	12.58	12.75
		10.500	5/99	94-07	+09/32	11.55	11.83	12.20
		9.000	10/08	86-20	+15/32	10.67	10.93	11.21
US TREASURY *		8.875	05/00	102-06	+12/32	8.54	8.51	8.68
		8.750	05/20	102-18	+17/32	8.52	8.49	8.67
JAPAN	No 119	4.800	6/99	87.2122	+0.359	7.14	7.09	6.89
	No 2	6.700	3/07	92.0371	+0.146	6.71	6.68	6.64
GERMANY		7.750	02/00	93.8000	+0.350	8.71	8.86	8.76
FRANCE	BTAN	9.000	02/95	96.4128	+0.178	9.97	10.13	9.93
	OAT	8.500	03/00	93.1900	+0.300	9.59	9.79	9.61
CANADA *		9.750	06/00	93.7800	+0.830	10.77	10.97	11.30
NETHERLANDS		9.000	05/00	100.8700	+0.340	8.86	8.99	8.96
AUSTRALIA		12.000	7/99	91.9703	+0.145	13.57	13.60	13.49

London closing, *denotes New York closing session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

■ PRICES on most of the main government bond markets rose yesterday.

Most markets were aided in the European afternoon by the rally in the US market following the comments from President George Bush that any budget cut package should include increased tax revenues.

However, the better tone in most markets tended to reflect individual domestic conditions.

In West Germany, prices closed half a point higher. West German institutions appeared to be building positions before the end of the half-year and ahead of German economic and monetary unification next week.

The market was supported by new figures showing a 0.9 per cent drop in input prices in May, and a rise in the M3 measure of money of 4 per cent in the year to May, putting the aggregate at the bottom of its target range.

The Bund future on the London International Financial Futures Exchange closed at 88.39, compared with the day's high of 88.45, and 82.76 at the opening today.

The rally in the German market outpaced those in France and Holland, with the yield spread to the 10-year OAT widening to about 90 basis points and to the equivalent Dutch maturity to about 17 basis points.

■ STERLING government bonds rallied by up to ⅝ point. One of the benchmark long bonds – the 2003-07 – closed ⅝ point higher at 103$\frac{3}{16}$ to yield 11.21 per cent.

Dealers said the strength of sterling provided the main support for the market, with expectations continuing that Britain would soon join the exchange rate mechanism of the European Monetary System.

A report that the Japanese Post Office would diversify its foreign bond holdings, particularly into higher yielding markets, also helped the market.

■ THE Japanese market closed higher after keen bidding in the auction of Y800bn of 10-year bonds – the 6.4 per cent No129 issue.

The issue is likely to be the new 10-year benchmark.

Générale des Eaux to raise FFr4.5bn

By George Graham in Paris

COMPAGNIE Générale des Eaux, the leading French water and services group, is to raise FFr4.5bn through an issue of convertible bonds with attached warrants.

The money is needed to finance a FFr15bn to FFr17bn investment programme this year, including several possible foreign acquisitions.

Générale des Eaux's main domestic competitor, Lyonnaise des Eaux, recently launched a FFr2bn convertible bond issue.

The two companies have invested in other European countries, notably in the UK, where they have stakes in several water companies.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. — Closing prices on June 26

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	98¾	99¼	+¼	9.38
ALBERTA PROVINCE 9 3/8 95	600	100½	100¾		9.23
AMERICAN GENERAL 9 3/4 95	100	96⅞	98⅜	+¼	10.58
AUSTRALIA 11 1/4 00	100	108¾	109½	−⅛	9.90
AUSTRIA 8 1/2 00	400	94⅞	95¼		9.32
BANK OF TOKYO 8 3/8 96	100	95⅛	95⅝	+⅛	9.50
BELGIUM 9 1/8 92	400	100¼	100⅝		9.03
BFCE 7 3/4 97	150	92⅝	93	+⅛	9.26
BNP 8 5/8 94	300	97⅞	98¼		9.26
BP CAPITAL 9 5/8 93	150	100½	101½		9.35
CANADA 9 96	1000	100	100¼		8.98
CCCE 9 1/4 95	300	100⅛	100⅝		9.12
COUNCIL EUROPE 8 96	100	94⅝	94⅞	+⅛	9.24
DENMARK 0 98	250	48¼	48⅞	−⅛	9.40
DENMARK 8 1/4 94	150	96⅝	97		9.25
ECSC 8 1/4 96	193	95¼	95⅝		9.24
EEC 7 1/4 93	250	95⅞	96¼		9.02
EIB 7 3/4 96	250	93⅜	93¾	+⅛	9.23
EIB 10 97	250	103⅝	104		9.24
ELEC DE FRANCE 9 98	200	99¼	99½	+⅛	9.15
EUROFIMA 9 1/4 96	100	100½	101	+⅛	9.11
EXPORT DEV CORP 9 1/2 98	150	101	101⅜		9.31
FINLAND 7 7/8 97	200	92⅝	93½	−⅛	9.41
FINNISH EXPORT 9 3/8 95	200	100⅝	101⅛		9.20
FORD MOTOR CREDIT 9 1/2 93	300	100⅝	101⅛		9.24
GAZ DE FRANCE 12 1/4 93	175	103⅞	104⅞		10.78
GEN ELEC CAPITAL 9 3/8 96	300	100⅜	101¼		9.20
GMAC 9 1/8 96	200	98⅞	99¼	+⅛	9.37
HALIFAX 9 1/2 93	200	100⅜	100⅞		9.35
IBM WORLD TRADE 7 5/8 93	150	95¼	96⅛		9.29
IND BK JAPAN FIN 7 7/8 97	200	92¼	92⅝		9.46
INTER AMER DEV 7 5/8 96	200	92¼	92⅝	+⅛	9.31
ITALY 8 1/2 94	1500	97⅛	97⅜		9.16
JAPAN DEV BK 8 94	150	96⅜	96⅞		9.14
KANSAI ELEC PWR 10 96	350	102¼	102⅝	+⅛	9.46
LTCB 8 5/8 93	150	98⅝	99¼		9.19
NEW ZEALAND 8 93	100	96⅜	97¼		9.30
NIPPON CRED BK 9 3/4 93	150	101⅛	101½	+⅛	9.31
NIPPON TEL & TEL 9 3/8 95	200	100⅝	101¼	+⅛	9.18
NISSAN ACCEPT CORP 9 1/4 91	150	99⅞	100½	+⅛	9.32
OLYMPIA & YORK 8 1/4 96	435	90¼	91⅛	−⅛	10.55
ONTARIO HYDRO 11 5/8 94	200	106¾	107⅛	−⅛	9.46
OSTER KONTROLLBANK 8 1/8 93	200	97⅞	98¼		9.01
PRUDENTIAL RLTY SECS 0 99	365.216	46¼	46⅝		9.47
QUEBEC HYDRO 9 3/4 98	150	101	101½		9.55
QUEBEC PROV 9 98	200	97⅛	97⅝		9.53
SAINSBURY 9 1/8 96	150	98⅜	98⅞		9.46
SAS 10 99	200	100⅞	101⅜	−⅛	9.83
STATE BK STH AUST 9 1/4 93	100	99½	100¼		9.43
SUMITOMO TST 7 3/4 91	100	98⅜	98⅝		9.20
SWEDEN 8 1/8 94	150	96¼	97	−⅛	9.28
SWEDISH EXPORT 9 5/8 93	100	101¼	101¾		9.04
TOKYO METROPOLIS 8 1/4 96	200	95	95½		9.31
WORLD BANK 8 3/8 99	1500	96¼	96⅝		9.18
WORLD BANK 8 3/4 97	1500	98⅝	99		9.17
XEROX CORPN 8 3/8 96	100	93	94⅛	−⅛	9.91

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	96¼	96½		9.09
AUSTRIA 6 98	400	83⅛	83⅝		9.07
CNT 6 1/8 98	200	83	83	−⅛	9.12
CREDIT FONCIER 6 3/4 99	500	86¼	86⅝	+⅛	9.08
DEUTSCHE BK FIN 5 5/8 96	750	85	85⅜		9.00
EEC 5 3/8 93	300	91⅞	91⅞	+⅛	9.10
EIB 6 1/8 96	300	86¼	86⅝		9.20
EIB 6 7/8 95	300	90½	90⅞	−⅛	9.17
ELEC DE FRANCE 6 1/8 98	300	82⅝	82⅞	+⅛	9.23
EUROFIMA 6 1/4 98	400	83	83⅜	+⅛	9.34
FERRO DEL STAT 5 3/8 93	500	91⅛	91⅜	+⅛	9.18
IND BK JAPAN FIN 5 5/8 96	200	84¼	84⅝	+⅛	9.23
INTER AMER DEV 7 1/4 99	300	88⅝	89	+⅛	9.11
LUFTHANSA INT FIN 5 7/8 98	500	82⅜	82⅝	−⅛	9.12
QUEBEC HYDRO 6 3/4 99	300	84⅝	84⅞		9.39
SWEDEN 6 1/8 98	300	83⅜	83⅞		9.12
WORLD BANK 0 15	2000	14¼	14⅝		7.95
WORLD BANK 5 3/4 96	300	85¼	85½	+⅛	9.17
WORLD BANK 7 1/8 95	500	92⅞	93¼	−⅛	9.08

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	87½		+¼	7.18
AUSTRIA 4 5/8 98	100	88¾	89¼	+¼	6.54
COUNCIL EUROPE 4 3/4 98	250	87¼	87¾	−½	6.95
DENMARK 3 3/4 91	100	97	98		8.31
EEC 5 1/2 00	100	89½		−⅛	6.94
EIB 5 3/4 93	100	97½	98		6.59
FINLAND 5 3/8 95	150	93¼	94		6.80
JAPAN DEV BK 5 1/2 94	100	97	98		6.44
MOUNT ISA FINANCE 5 3/4 94	100	90	91¼		8.91
NEW ZEALAND 4 7/8 99	200	86	86½		7.10
POLLY PECK INTL FIN 6 1/4 96	100	83½	85	−½	10.20
QUEBEC HYDRO 5 08	100	80	80½	+½	7.00
SKANDINAVISKA ENSK 6 1/2 95	100	98½	99	+¼	6.88
WORLD BANK 6 1/4 92	100	98½	99½	+¼	6.96
WORLD BANK 7 1/4 92	100	100½	101¼	−¼	6.97

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	92¾	93	+⅛	7.11
CANADA 4 3/8 92	80000	95¼	95½	+¼	7.01
CREDIT FONCIER 5 1/4 94	20000	92⅞	93⅜	+¼	7.15
DENMARK 7 95	40000	100	100¼	+¼	6.99
EIB 4 5/8 94	40000	92⅛	92⅜	+¼	7.02
FNMA 6 7/8 92	50000	99⅝	100⅛	+¼	7.01
GENERAL ELECTRIC 5 3/4 93	35000	96⅛	96⅜	+¼	7.28
ITALY 5 3/4 92	150000	98	98¼		7.05
KANSAI ELEC PWR 4 5/8 94	60000	91¼	91½	+¼	7.31
NIPPON TEL & TEL 5 7/8 96	50000	94⅞	95¼	+¼	6.91
NORWAY 5 1/8 95	50000	92⅝	92⅞	+¼	6.99
SWEDEN 5 5/8 95	20000	94	94½	+¼	7.02
WORLD BANK 6 3/4 00	50000	98⅜	99⅛	+⅛	6.91

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	92	93		9.68
KREDIETCORP 7 93 LFr	1000	93	94		9.70
WORLD BANK 8 96 LFr	1000	93	94		9.61
AMRO BANK 6 1/4 92 Fl	150	94	94½		9.46
DENMARK 8 1/2 91 Fl	100	99	99¾		9.68
HEINEKEN 7 5/8 94 Fl	150	94½	95⅛	−⅛	9.25
PHILIPS GLOEILAMPEN 5 3/4 92 Fl	150	94	94½		9.67
RABOBANK 5 3/4 93 Fl	150	91⅛	92½	+¼	9.35
WORLD BANK 6 1/4 91 Fl	100	97½	98⅛	+⅛	10.12
ALBERTA PROVINCE 10 92 C$	500	95¼	95⅜	+⅜	12.76
BCE INC 9 5/8 93 C$	300	92½	93	+⅛	12.91
BELL CANADA 10 5/8 99 C$	150	92⅝	93¼	+⅛	11.97
BRITISH COLUMBIA 12 1/4 91 C$	100	97¾	98⅛	−⅛	13.94
EIB 10 1/8 98 C$	130	90½	91	+⅛	12.06
FORD CREDIT CANADA 10 94 C$	100	92	92½	+⅛	12.58
GENERAL ELECT CAP 10 1/4 93 C$	175	93⅜	94¼	+⅛	12.66
MONTREAL TRUSTCO 8 1/2 92 C$	100	92⅝	93¼	+⅛	13.35
ONTARIO HYDRO 10 7/8 99 C$	500	94¾	95⅛	+⅛	11.85
QUEBEC PROV 10 1/2 98 C$	200	91⅝	92⅛	+⅛	12.11
ROYAL TRUSTCO 10 1/4 93 C$	100	93½	94	+⅛	13.05
SWEDEN 9 3/4 93 C$	250	93⅞	94⅜	+⅛	12.39
AUSTRIA 7 3/8 93 Ecu	125	93⅜	94⅛		10.05
CNT 7 3/8 93 Ecu	250	92⅝	93¼		10.35
CREDIT LYONNAIS 9 96 Ecu	125	94⅞	95⅜	+⅛	10.19
DENMARK 7 5/8 96 Ecu	250	88⅛	88⅝	+⅛	10.43
EEC 7 5/8 94 Ecu	200	91⅞	92¼	+⅛	10.42
EIB 10 97 Ecu	500	98⅝	98⅞	+⅛	10.27
ITALY 10 3/4 00 Ecu	1000	102⅝	102⅞	+⅛	10.30
SWEDEN 7 1/2 93 Ecu	250	92⅜	93⅛	+⅛	10.10
BMW FINANCE 14 1/2 92 A$	100	100¼	100⅞	−⅛	14.32
COUNCIL EUROPE 13 93 A$	50	98⅝	99¼	−⅛	13.56
EKSPORTFINANS 12 3/8 95 A$	75	92⅞	93¼		14.52
FORD CRED AUST 13 93 A$	50	96¼	96⅞		14.63
HEINZ 12 3/4 91 A$	100	97⅛	97⅝	+⅛	15.62
ICI 15 1/2 92 A$	100	101⅛	101⅝	+⅛	14.59
NAT AUSTRALIA BANK 14 3/4 94 A$	150	100¼	100⅞		14.57
STATE BK NSW 14 1/4 99 A$	100	99½	100		14.31
VOLKSWAGEN INTL 15 94 A$	100	102⅝	103	−⅛	14.10
BARCLAYS JERSEY 9 1/2 93 £	250	91⅛	91⅝		13.37
EIB 10 97 £	300	88⅝	88⅞	+⅛	12.61
FORD CREDIT FUNDING 9 5/8 93 £	50	90⅝	91¼		13.84
INTER AMER DEV 11 3/8 95 £	75	95½	96	+⅛	12.64
ITALY 10 1/2 14 £	400	88¼	88⅝	+⅛	12.02
LAND SECS 9 1/2 07 £	200	75⅝	76	+⅛	13.15
LEEDS PERMANENT 9 1/4 93 £	50	90½	91		13.37
NORWAY 10 1/2 94 £	200	93⅜	93⅞	+⅛	12.84
ROLLS-ROYCE 9 5/8 93 £	150	90⅜	90⅞		13.73
SAINSBURY 10 7/8 93 £	100	93⅞	94⅜		13.82
WORLD BANK 11 1/4 95 £	100	95¼	95⅝	+⅛	12.59
BARCLAYS BK 13 1/4 92 NZ$	50	101	102		12.68
UNILEVER CAP CORP 14 92 NZ$	60	101¼	102¼	−⅛	12.91
AIDC 7 7/8 93 FFr	600	93⅜	93⅞	+⅛	10.34
DENMARK 8 1/8 91 FFr	1000	97¼	97⅝		10.17
EURATOM 7 5/8 98 FFr	500	85¼	86¼		10.33

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.96	100.02	15.3125
ALBERTA PROVINCE 1/32 93	500	99.89	99.99	8.4063
ALLIANCE & LEICS 0.08 94 £	300	99.89	99.94	15.3300
BANCO DI NAPOLI INT 91	150	99.97	100.07	8.8750
BANCO ROMA 0.03 01	200	95.95	96.20	8.2800
BELGIUM 1/16 97 DM	500	100.05	100.15	8.9375
BFCE −0.02 96	350	99.82	99.92	8.4175
BNP 05	300	98.75	98.96	8.3750
BRITANNIA 1/10 96 £	150	99.90	99.95	15.3500
CITICORP 1/4 98	500	96.39	96.89	8.5625
CITIZENS FED 0.15 96	100	99.01	99.73	8.7125
COMMERZBK O/S FIN 93	200	99.59	99.69	8.3125
DENMARK −1/8 96	1000	99.13	99.23	8.1875
FERRO DEL STAT 94	200	100.28	100.38	8.4375
HALIFAX 1/10 94 £	200	100.06	100.11	15.3500
MITSUI FIN ASIA 1/8 96	100	99.92	100.02	8.5625
MORGAN (JP) 1/4 97	250	99.62	100.00	8.5625
NAT WEST FIN 3/16 05	400	97.50	97.84	8.8125
NEW ZEALAND 93	500	99.43	99.53	8.2500
NORTHEAST SAVINGS 1/10 96	150	99.05	99.77	8.5375
PORTUGAL 0.05 93	700	99.89	99.99	8.4875
QUEBEC PROV 01	300	97.37	97.52	8.5000
RENFE 98	500	99.65	99.75	8.5000
SOCIETE GENERALE 96	300	99.27	99.37	8.6250
UNITED KINGDOM −1/8 96	4000	99.78	99.82	8.2500
WELLS FARGO 1/16 94	150	98.00	98.50	8.3750

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	100¾	101¾	+21.36
ASDA-MFI 4 3/4 02 £	100	1.64	105¼	106¼	+40.35
BURTON GROUP 4 3/4 01 £	110	3.15	108	109	
EASTMAN KODAK 6 3/8 01	300	50.67	95	95¾	+19.22
GOODYEAR TIRE 6 7/8 03	150	80¼	75½	76½	+91.58
GRACE (WR) 6 1/4 02	150	42⅛	85⅝	86½	+23.84
GRAND MET 6 1/4 02 £	100	6.98	104⅞	105⅞	+2.69
HAWLEY 6 02 PREF	400	1.91	111⅛	112⅛	+5.41
HILLSDOWN 4 1/2 02 £	150	4.16	98⅝	99⅝	+44.10
INTL PAPER 5 3/4 02	200	68½	88¼	89¼	+17.95
LAND SECS 6 3/4 02 £	84	6.72	83	83⅞	+11.11
METAL BOX 5 3/4 02 £	65	1.93	106⅛	107⅝	−2.23
MITSUBISHI BK 1 3/4 02	300	2727.1	86¼	89¼	−1.53
OGDEN 6 02	85	39.077	85⅞	86¼	+30.32
PACIFIC DUNLOP 6 3/4 97	75	3.749	106⅝	107⅝	−0.77
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	76½	77½	+63.61
THORN EMI 5 3/4 04 £	103	7.45	107¼	108¼	+2.13

* No information available – previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Japanese banks renew demand for deregulation

By Stefan Wagstyl in Tokyo

A JAPANESE government advisory body has reiterated its demands that barriers should be brought down between different types of financial institutions, including those between banks and securities companies.

A committee of the Financial System Research Council, which reflects the views of the banking industry, issued a report yesterday recommending deregulation. Its proposals echo a similar report issued by the committee a year ago, including two alternatives for institutions to enter new business – through comprehensive investment banking subsidiaries, or through specific subsidiaries, one for each new field.

The council's recommendations are more positive than the report issued earlier this month by a committee of the Securities and Exchange Council, an advisory body on which securities companies are strongly represented, which said banks could only be allowed into the securities industry on restrictive conditions. It also ruled out allowing banks into broking, the biggest field of business for securities companies.

The gap between the opinions of the securities companies and banks remains large. However, indications that the Ministry of Finance wants to see progress have forced the securities industry to start discussing the issues.

Previously, securities companies refused to start discussing the entry of banks into the securities industry.

The ministry has hinted it wants reforms in place by 1993. But the plans could be delayed. The next step will be for the two councils to meet to explore common ground, possibly in the autumn.

The banks' chances of accelerating change are undermined by the tensions between different kinds of bank. The leading city (commercial) banks would like to hasten deregulation to make maximum use of their large branch networks.

However, long-term credit and trust banks, with far fewer branches, are concerned about being swamped by the city banks. Yesterday's report reflected their concern, saying that deregulation would have to take account of differences in size and branch network. This could mean giving long-term credit banks and trust banks advantages in entering new fields – including securities – although the report is not specific.

However, the committee is strongly in favour of banks being allowed into all fields of the securities industry, including retail broking. Objections from securities companies – as expressed in the Securities and Exchange Council committee's report – could be met by moving ahead slowly and introducing safeguards, the committee says.

SBC moves into Polish finance

By David Lascelles, Banking Editor

SWISS Bank Corporation is taking a 23 per cent stake in the Polish Investment Company, a London-based company specialising in Polish corporate finance.

The bank says the investment will enable it to participate more directly in the changes arising in Poland as a result of economic reform.

PIC was founded by six Poles with experience of western finance, and has offices in London and Warsaw. It advises the Polish Ministry of Industry on economic restructuring, and three Polish banks on strategy.

The cost of the stake is £1.2m ($2m). PIC will engage in fund management and corporate finance, and will provide help for western businesses seeking to set up joint ventures in Poland.

Crédit Suisse takes US stake

By William Dullforce in Geneva

CREDIT SUISSE has acquired 80 per cent of BEA Associates of New York which manages a portfolio of almost $10bn of assets and is among the top 25 in the US pension fund business.

The price paid was not disclosed and is understood to be partially linked to performance over the next three years.

The deal is subject to the approval of US supervisory authorities but is expected to be completed before the end of the year.

INTERNATIONAL CAPITAL MARKETS

Renault Credit launches FFr700m three-year deal

By Tracy Corrigan

LOWER interest rates in the French bond markets persuaded another French company to tap the sector.

Renault Credit International brought a FFr700m three-year Eurobond offering. The 10½ per cent bonds were issued via Banque Nationale de Paris.

French companies appear to be taking the view that interest rates are at or near their low point.

Yields have fallen a further 20 basis points during the last week, despite a lack of aggressive buying.

Saint-Gobain, the French glass-maker, increased its five-year issue to FFr1bn on Monday, and Moët Hennessy Louis Vuitton, the French drinks and luxury products group, is expected to bring a FFr1bn issue of five- or seven-year bonds shortly.

Investor demand is mainly from France, prompting some dealers to suggest that the issues are domestic bonds in Eurobond form.

French domestic bonds cannot have maturities of less than seven years.

Also in the French franc sector, Interfinance Credit National issued FFr500m of zero coupon bonds with redemption linked to the CAC French stock index.

In the equity-linked sector, Thermedics, a US technology company, brought a $30m issue of convertible subordinated debentures, some of which will be placed in the US under the recently-introduced rule 144A, which allows private placements there to be traded more actively.

A public issue in the US would have been more likely to depress the company's stock price, according to Lehman Brothers International, the lead manager. The company has a market capitalisation of $150m.

The proceeds will be used to fund the development of several new products, including a nitrogen-based bomb detector.

The bonds are convertible into shares at a price of $15⅝, a 10.6 per cent premium to Monday's closing share price on the American Stock Exchange.

The issue was bid at its issue price of par.

Meanwhile, another Mexican borrower tapped the D-Mark sector.

Banco Nacional de Comerceo Exterior, the Mexican state-owned bank, brought a DM100m issue of five-year bonds, which carry a coupon of 11 per cent.

The high coupon attracted mainly retail investors. The issue was bid at less ¾ point, substantially within 2 point fees.

● CANADA'S Andre Perry Group is offering to buy back its 5.5 per cent 995 Swiss franc convertible bonds which were declared in default in May 1989, Banque Indosuez said as agent.

Originally a total SFr25m was issued but the amount outstanding is only SFr14.95m. Investors accepting the offer must present their bonds to Banque Indosuez in Geneva by July 6. Settlement date will be August 7.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
FRENCH FRANCS						
Renault Credit Int.(a)◆	700	10½	101⅜	1993	1⅜/⅞	BNP
Interfin.Credit National(b)◆	500	Zero	100	1996	2/1¼	BNP
D-MARKS						
Banco Nac. de Comerceo(a)◆	100	11	100	1995	2/1¼	Swiss Bank Corp(Germany)
YEN						
Asahi Breweries(a)◆	20bn	7	101.80	1995	1⅞/1¼	Daiwa Europe
US DOLLARS						
Thermedics Inc.(c)§◆	30	6½	100	1998	2½/1½	Lehman Brothers Int.

§Convertible. ◆Final terms. a) Non-callable. b) Redemption linked to CAC-40 index. c) Coupon payable semi-annually. Conversion price: $15⅝ with conversion premium of 10.6% over Monday's close.

Code boosts US swaps market

By Deborah Hargreaves

THE US swaps market has received a boost from an amendment to the US bankruptcy code which was signed by President George Bush on Monday. The amendment enforces netting provisions for swap agreements in insolvencies.

Netting provisions reduce the risk of portfolios of swaps and related off-balance sheet products.

"This reduces potential credit exposures of hundreds of millions of dollars," said Mr Mark Brickell, chairman of the International Swap Dealers Association.

The swaps market has been one of the most successful financial innovations of the 1980s and has reached a current level of $1,000bn. ISDA has been active in trying to ensure the enforcement of its netting provisions on a global basis since it underlines the credit-worthiness of the market.

The provisions would net out the swap values between two counterparties in the event of one party going bankrupt. This reduces the exposure of the non-defaulting party in the swap contract.

Since the new law reduces the credit risk of holding portfolios of swaps, it reduces the amount of capital needed by financial institutions to support the contracts. Along with other changes in the bankruptcy code dealing with high volume capital transactions, the act should lead to greater availability of the products for US-based end users, commented Mr Jack Brooke, a member of the US House of Representatives.

Matif sets date for Ecu bond future

By Deborah Hargreaves

MATIF, the French futures exchange, will launch its long-term Ecu bond futures contract on October 18 in a move that makes it the first exchange to trade a derivative product based on Ecu bonds. UBS Phillips & Drew, the UK arm of the Swiss bank, announced a similar product to trade on the over-the-counter market last week.

Matif's contract will be based on large, liquid issues of Ecu bonds. For its first futures contracts – which mature in December this year and March 1991 – the exchange will accept only two French OATs which are denominated in Ecu. These contain over Ecu1bn – the latest was tapped by the French Government yesterday.

The contract, which will have a face value of Ecu100,000, will contain six to 10-year maturity bonds. Mr Gerard Pfauwadel, Matif chairman, said the exchange is unlikely to accept issues containing less than Ecu1bn. It will accept bonds issued by other sovereign states and supranational bodies such as the European Investment Bank as long as they are big enough.

The bonds for delivery into the contract will not be judged on size alone: the Matif says it will ensure there is a liquid cash market for the bonds before it includes them. It will also be looking for market-makers committed to making prices in an issue.

The Ecu product will be attractive to participants in the Eurobond market as a way to hedge their bond holdings. Mr Pfauwadel says he believes the derivative will fertilise the cash market and encourage more Ecu bond issues.

Barclays appoints managing director

BARCLAYS de Zoete Wedd Investment Management has established an investment fund management business in North America and appointed Michael Horsburgh managing director of the new office, Reuter reports.

Open outcry from Chicago's pits

Barbara Durr on fears of electronics and the race to non-stop trading

FEAR of the unknown has begun to stalk Chicago's boisterous futures pits following the agreement between the Chicago Board of Trade and the Chicago Mercantile Exchange to collaborate rather than compete in the development of an after-hours electronic trading system.

The CME's Globex system, developed by Reuters, is already advanced compared to the CBOT's Aurora system. But now the two will marry and the joint product is due for launch later this year.

Many traders feel the advent of electronic trading spells the end of the open outcry system and with it a way of life, despite both exchanges having taken pains to assure traders that the pits will be safe from encroachment by screen trading.

Exchange memberships agreed to the development of computer trading provided it would only be used after the pits were closed.

At the CME, for example, members agreed in 1987, when the Globex system was first put in hand, that exchange products could not be traded electronically while the pits were working for another 10 years.

But the uneasy feeling on the trading floors is that once it comes, the currently planned initial programme of 12 hours trading – 6pm to 6am – will quickly be extended to a full round-the-clock day.

Long-time traders bemoan the electronic revolution. Mr Patrick Arbor, a CBOT board member and chief of trading for LIT America, is more pragmatic. Mr Arbor says that given the proliferation of electronic exchanges around the world, screen trading had to come to Chicago.

"The world marches on and you can't do things the way they were done 140 years ago," he said.

Part of the trading floors' reaction is Luddite-like resistance to the machines. But this has disappeared in other industries that have gone electronic and the futures trading will in the end prove no less malleable, according to officials at Globex and Reuters.

Yet adaptation to computers is not the main difficulty for most traders, who are more concerned about a loss of actual livelihood. Those most affected and least enthusiastic about screen trading are the smaller independents, known as locals.

"There's an enormous conflict of interest between the locals and the major clearing firms," said one CBOT local trader. The big clearing houses want large volume trading which can be done on screens, and locals fear they will be wiped out.

Locals, who comprise about two thirds of the pit trading population, are the heart of the Chicago markets. They provide a critical share of liquidity and competition, which will be solely missed should the advent of screen trading force them out of business.

It will cost $1,000 a month to rent a Globex/Aurora terminal: this may be beyond the means of many local traders.

Yet, the locals see the writing on the wall and it rankles. To address the problem, at least partially, the CME is attempting to draw in larger locals with an incentives programme to make it cheaper for them to use the equipment. But most will not join in.

As long as screens are only used for after-hours trading, the division of the trading community into big and small is not likely to erupt into anything more than loud grumbling.

But those who have finely honed their pit trading skills to know with a sixth sense which way the market is going and then to jump on it may find, sadly, that those abilities are no longer needed.

A colourful and frenetic subculture could be on the brink of extinction.

US exchanges race for 24-hour trading

ACROSS the US, the race to achieve 24-hour, worldwide electronic trading is about to start. Two new systems have jostled their way to the starting gate in recent days, joining two other earlier entrants.

The New York Stock Exchange (NYSE) plans after-hours electronic trading consisting of three night-time auctions. The Chicago Board Options Exchange (CBOE), the American Stock Exchange (Amex), and the Cincinnati Stock Exchange (CSE) are getting together with Reuters to start worldwide after-hours electronic trading in options and equities.

These moves follow efforts under way by the Chicago futures exchanges, which are developing the Globex on-screen trading system in an effort to expand their trading frontiers, and the National Association of Securities Dealers (NASD), which will upgrade its information link to SEAQ International, the forum for foreign stocks in London.

US exchanges are thus jockeying for position in a future which no one has seen or knows for sure will work. However, the betting among securities industry executives is that investor demand will prove durable and that success will depend on who offers the best, least costly service.

Yet, while a taste for IBM at 2am could well be acquired in time, there is much scepticism in the securities industry about all-night trading. The only after hours electronic trading system to test demand so far - a programme begun last year to trade baskets of stocks at the Midwest Stock Exchange (MSE) in Chicago - has been slow to get off the ground.

The betting among securities industry executives is that investor demand will prove durable and that success will depend on who offers the best, least costly service

Officials at the MSE, the largest US regional exchange, say that they had expected to pick up some of the 10m to 20m of share trades recorded daily in London. A significant portion of these trades are done during normal hours in the US. But despite the extension to the MSE trading day, none of this business has come to the MSE. There have been problems with technology, but exchange officials believe the main reason has been brokerages' desire to save on the SEC's trading fees, which are charged for all trades recorded in the US. The MSE experiment would seem a bad omen.

Other toes will go in the water before the NYSE and CBOE group systems start - their launches are planned in 1991 and by 1993, respectively. The NASD plans to begin pre-dawn trading on September 1 of up to 700 securities. It will begin at 3.30am in New York to coincide with the 8.30am opening bell in London and run until one half hour before NASDAQ's open at 9.30am. The CME is hoping to get Globex into action in November. This system looks the best prospect among the new products. Its foreign currency futures, for example, look assured of a worldwide, round-the-clock market. And US Treasury bond futures will also be added when negotiations with the CBOT conclude on amalgamation of its electronic trading system with Globex.

Despite this, even Globex has had trouble convincing some of the larger trading houses to buy in. Many have taken a "wait and see" attitude. Even those who have already plunged, with commitments for equipment and training of staff, still have their fingers crossed in the hope that they have not made a costly mistake.

But the most obvious winners in all this are probably the equipment and systems producers, such as Reuters. It developed Globex, based in part on its own currency Dealing 2000 system, and it will now build the host computer for the CBOE on which the CBOE, Amex and CSE listings will trade. It will also provide both systems' worldwide electronic networks and charge fees on every transaction.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday June 26 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Mon Jun 25 Index No.	Fri Jun 22 Index No.	Thu Jun 21 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (198)	906.53	+0.4	12.82	5.07	9.49	19.75	902.71	899.01	896.27	965.25
2 Building Materials (27)	1163.60	+0.1	13.36	5.17	9.26	27.29	1162.13	1144.72	1137.62	1194.73
3 Contracting, Construction (36)	1483.12	+0.8	16.22	5.56	8.02	34.92	1471.96	1447.94	1424.25	1629.66
4 Electricals (10)	2628.85	+0.4	10.82	5.06	11.37	61.43	2619.46	2627.99	2625.06	2866.13
5 Electronics (29)	1808.90	....	10.28	4.17	12.61	26.12	1809.08	1801.39	1807.90	2208.93
6 Engineering-Aerospace (8)	475.51	+0.4	13.63	4.90	8.74	9.54	473.74	473.03	469.41	0.00
7 Engineering-General (43)	502.64	+0.8	11.70	5.08	10.31	10.10	498.84	502.08	501.18	0.00
8 Metals and Metal Forming (6)	505.39	+0.8	23.23	6.65	5.10	16.45	501.56	511.07	506.78	518.48
9 Motors (15)	378.29	+0.4	14.71	6.10	7.92	9.81	376.61	374.75	372.75	328.98
10 Other Industrial Materials (24)	1641.09	+0.6	10.79	4.90	10.70	36.58	1630.81	1625.88	1628.36	1641.79
21 CONSUMER GROUP (179)	1330.90	−0.1	9.18	3.79	13.46	20.52	1332.71	1321.88	1315.46	1250.68
22 Brewers and Distillers (22)	1629.69	−0.2	9.34	3.56	12.95	23.38	1633.68	1617.34	1619.60	1365.73
25 Food Manufacturing (20)	1122.97	−0.5	10.18	4.27	12.16	19.91	1128.13	1123.00	1125.94	1106.41
26 Food Retailing (16)	2546.22	....	9.11	3.23	14.09	33.61	2546.65	2508.17	2482.74	2382.82
27 Health and Household (15)	2572.88	−0.2	6.69	2.69	17.79	25.10	2577.77	2569.91	2535.24	2305.37
29 Leisure (31)	1527.66	+0.2	9.58	4.05	12.70	24.42	1524.18	1510.95	1507.35	1663.78
31 Packaging & Paper (13)	616.27	+0.4	10.85	5.58	11.37	12.94	613.68	613.65	614.21	562.96
32 Publishing & Printing (16)	3592.36	+0.2	10.12	5.13	12.34	81.93	3585.11	3578.97	3585.87	3568.65
34 Stores (34)	854.76	−0.3	10.48	4.38	12.21	15.80	856.98	843.67	836.15	827.67
35 Textiles (12)	506.65	+0.8	12.48	7.07	10.26	18.26	502.65	504.03	504.39	539.35
40 OTHER GROUPS (104)	1215.18	+0.1	10.73	4.86	11.22	17.19	1213.52	1207.07	1203.84	1149.32
41 Agencies (17)	1709.99	−0.6	5.82	2.23	20.81	15.27	1720.37	1723.27	1730.24	1420.88
42 Chemicals (23)	1315.85	−0.1	10.71	5.03	10.92	31.39	1317.02	1309.63	1304.42	1325.86
43 Conglomerates (14)	1710.16	+0.1	10.03	5.83	11.94	31.95	1708.88	1707.72	1706.28	1667.77
44 Transport (13)	2338.56	+1.0	10.50	4.41	12.08	47.77	2315.52	2305.46	2301.57	2481.62
46 Telephone Networks(2)	1247.18	+0.1	10.93	4.51	11.89	3.78	1245.37	1233.01	1233.01	1132.16
47 Water(10)	1967.32	+0.3	16.42	6.88	6.80	0.00	1961.95	1934.00	1929.81	0.00
48 Miscellaneous (25)	1843.28	+0.2	11.73	4.78	9.72	37.62	1839.46	1831.11	1808.86	1672.31
49 INDUSTRIAL GROUP (481)	1201.81	+0.1	10.54	4.44	11.57	19.89	1200.80	1193.27	1188.81	1168.49
51 Oil & Gas (19)	2339.07	+0.4	12.05	5.28	10.96	46.50	2328.91	2319.00	2317.92	2125.53
59 500 SHARE INDEX (500)	1297.52	+0.1	10.75	4.55	11.48	22.08	1295.81	1288.04	1283.80	1249.56
61 FINANCIAL GROUP (107)	815.82	+0.1	–	5.60	–	21.09	814.88	806.23	805.12	739.63
62 Banks (9)	865.72	−0.2	18.96	6.21	6.91	25.62	867.42	852.20	850.00	737.82
65 Insurance (Life) (7)	1481.48	+0.4	–	4.96	–	36.94	1475.59	1455.07	1445.31	1064.62
66 Insurance (Composite) (6)	712.64	+0.2	–	5.80	–	19.43	711.37	704.99	706.61	582.14
67 Insurance (Brokers) (7)	1022.07	−0.3	8.49	6.39	15.52	31.64	1025.34	1034.39	1036.41	972.19
68 Merchant Banks (7)	441.46	−0.3	–	4.59	–	10.76	442.62	448.55	450.12	332.60
69 Property (47)	1094.61	+0.7	8.24	4.29	15.57	19.54	1086.89	1079.21	1078.99	1320.39
70 Other Financial (24)	298.73	+0.1	12.47	6.49	10.47	7.47	298.48	299.04	298.55	354.69
71 Investment Trusts (67)	1221.68	+0.5	–	3.19	–	15.35	1216.07	1221.31	1224.69	1164.79
91 Overseas Traders (5)	1444.56	+0.9	9.61	6.33	12.47	44.49	1431.97	1431.80	1432.56	1328.68
99 ALL-SHARE INDEX (679)	1181.10	+0.1	–	4.67	–	21.57	1179.39	1171.96	1168.67	1124.67

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jun 25	Jun 22	Jun 21	Jun 20	Jun 19	Year ago
FT-SE 100 SHARE INDEX‡	2399.8	+1.3	2420.1	2399.5	2398.5	2378.5	2370.3	2371.2	2369.7	2206.4

FIXED INTEREST

PRICE INDICES	Tue Jun 26	Day's change %	Mon Jun 25	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	115.87	....	115.87	–	6.27
2 5-15 years	123.18	+0.16	122.98	–	6.91
3 Over 15 years	127.25	+0.17	127.04	–	6.15
4 Irredeemables	145.38	−0.43	146.00	–	7.35
5 All stocks	122.68	+0.10	122.76	–	6.70
Index-Linked					
6 Up to 5 years	146.58	+0.04	146.52	–	1.49
7 Over 5 years	138.84	....	138.84	–	2.03
8 All stocks	139.31	+0.01	139.30	–	1.99
9 Debentures & Loans	98.89	−0.06	98.95	–	6.11
10 Preference	73.79	+0.02	73.78	–	3.45

AVERAGE GROSS REDEMPTION YIELDS		Tue Jun 26	Mon Jun 25	Year ago (approx.)
British Government				
1 Low Coupons	5 years	10.55	10.91	9.98
2	15 years	10.54	10.55	9.44
3	25 years	10.54	10.49	9.28
4 Medium Coupons	5 years	11.87	11.87	10.90
5	15 years	10.99	11.02	9.90
6	25 years	10.65	10.65	9.47
7 High Coupons	5 years	11.97	11.97	11.04
8	15 years	11.24	11.27	10.13
9	25 years	10.87	10.89	9.66
10 Irredeemables†		10.52	10.47	9.32
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	5.26	5.27	3.84
12 Inflation rate 5%	Over 5 yrs.	4.16	4.16	3.75
13 Inflation rate 10%	Up to 5 yrs.	4.16	4.16	3.05
14 Inflation rate 10%	Over 5 yrs.	3.98	3.98	3.58
15 Debs & Loans	5 years	13.34	13.49	12.01
16	15 years	12.86	12.85	11.69
17	25 years	12.86	12.85	11.37
18 Preference†		12.51	12.51	10.32

‡Opening index 2402.5; 9 am 2417.5; 10 am 2411.4; 11 am 2415.7; Noon 2409.3; 1 pm 2404.2; 2 pm 2404.2; 3 pm 2406.6; 4 pm 2401.5; 4.10 pm 2399.8; (a) 4.14am (b) 4.06pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	42	32	25
Corporations, Dominion and Foreign Bonds	5	0	18
Industrials	419	288	869
Financial and Properties	219	112	413
Oils	30	15	43
Plantations	0	0	10
Mines	34	46	85
Others	50	92	89
Totals	799	585	1552

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	130	110	ABI Leisure 10p	128		R4.7	3.3	4.9	8.4
50	F.P.	–	49	47	EFM Java Trust	48		–	–	–	–
–	F.P.	–	26	18	Do. Warrants	26		–	–	–	–
–	F.P.	–	46	28	First Philipne. Inv. Tst.	31		–	–	–	–
–	F.P.	–	22	10	Do. Warrants	12		–	–	–	–
–	F.P.	–	14	7	Fisher (Albert) Wrrts.	7	−1	–	–	–	–
500	F.P.	–	100	95	French Property Tst	99		–	–	–	–
–	F.P.	–	39	32	Do. Warrants	38		–	–	–	–
§81	F.P.	–	88	83	Intrum Justitia 10p	83	−1	u1.75	2.5	2.8	13.7
100	F.P.	–	98	95	Jupiter Euro Inv. Tst.	98		–	–	–	–
–	F.P.	–	38	35	Do. Warrants	38		–	–	–	–
§108	F.P.	–	116	115	‡Levercrest 5p	115	−1	R4.05	2.4	4.7	9.3
–	F.P.	–	44	35	Lucas Inds. Warrnts	38		–	–	–	–
–	F.P.	–	31	21	Paribas French B Wrrnts	26	−2	–	–	–	–
§84	F.P.	–	96	84	‡Proteus Intl.	96		–	–	–	–
§100	F.P.	–	102	95	Slam Select. Growth Tst.	102	+1	–	–	–	–
–	F.P.	–	38	30	Do. Warrants	38	+1	–	–	–	–
†	F.P.	–	215	200	Wiggins Teape Appleton	212½	−½	u8.35	2.0	5.2	11.1

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	F.P.	-	101	90	‡Bluebird Toys 12pc Cv. Uns. Ln. 2005	93	+1
‡	F.P.	-	87p	83p	European Leisure 8.75p (Net) Cv Rd Pf	86p	−1
100p	F.P.	-	113p	96p	Hepworth Cap Fin. 11¼pc Cv. Bds 2005	113p	+1
100p	25p	-	46½p	26p	Reckitt & Colman 9.5pc Cv Bds 2005	44p	
100p	F.P.	-	105p	96p	Wyndham Group 9.375pc Cm.Pf	98p	
-	F.P.	-	55p	35p	York Trust 8.5p (Net) Rd.Cv.Pf 20p	43p	−2

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
45	Nil	–	8pm	2pm	Amber Day	4pm	
10	Nil	–	½pm	¼pm	*Caldwell Inv. 10p	½pm	
335	Nil	–	73pm	48pm	Cater Allen Hldgs. £1	49pm	
105	Nil	–	70pm	26pm	‡EW Fact 5p	68pm	+7
–	Nil	–	1pm	¼pm	XCL Sunrise	½pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. B Units comprising 11 new ord. & 2 warrants. ǂ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

● First Dealings June 18
● Last Dealings June 29
● Last Declarations Sept. 20
● For settlement Oct. 1

For rate indications see end of London Share Service

Calls in Aviva Pet., Berisford Intl., Bula Res., Burmin, Gaelic Res., Highland Distilleries, Oliver Res., Spong and TIP Europe. Put in Ford Sellar Morris Props. Put and call in Hazlewood Foods.

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*509)	460	53	75	88	1½	8	12
	500	20	45	42	9	19	25
	550	4	21	35	43	45	48
ASDA (*118)	100	20	23	27	1	3½	5
	110	12	16	20	2½	6½	8
	120	4½	10	15	6	11	13
Brit. Airways (*216)	180	38	44	47	1	2	3½
	200	18	27	32	1½	5½	7½
	220	4	14	20	8	13	16
SmKl Beecham A (*544)	500	50	67	84	2	9	15
	550	13	35	53	16	27	31
	600	2	15	31	57	58	60
Boots (*307)	280	30	42	49	2½	5½	8
	300	14	28	36	8	12	15
	330	3½	13	22	25	27	29
B.P. (*327)	300	29	39	46	1	5	7½
	330	6½	17	27	8	14	17
	360	2	7½	–	34	34	–
British Steel (*148)	130	19	24½	27	½	1½	3
	140	10	15½	18½	1½	3	4½
	160	¼	5	8¼	13	13	13½
Bass (*1113)	1000	117	155	175	2	6	15
	1050	72	115	135	4	15	23
	1100	32	82	102	18	28	45
C & Wire (*553)	500	58	82	100	3	10	13
	550	16	45	64	15	25	29
	600	3	–	–	52	–	–
Courtaulds (*366)	357	17	–	–	5	–	–
	360	–	33	45	–	13	16
	390	2½	17	28	27	30	32
Com. Union (*523)	460	66	76	92	2	8	12
	500	31	45	69	7	19	23
	550	6	21	36	30	43	44
GKN (*419)	390	34	47	60	4	12	17
	420	14	27	42	12	22	26
	460	3	11	–	42	48	–
Grand Met. (*659)	600	65	82	108	1½	10	14
	650	21	48	75	11	24	31
	700	4	23	46	42	52	54
I.C.I. (*1185)	1100	97	122	159	3½	19	27
	1150	55	87	125	10	34	42
	1200	24	60	95	34	59	65
Kingfisher (*368)	300	71	80	88	1	2½	4
	330	41	51	60	2	5	10
	360	17	27	43	8	17	22
Ladbroke (*342)	300	44	57	65	1½	4½	8
	330	17	33	44	5	12	16
	360	4	17	27	22	24	27
Land Secur (*509)	460	55	72	83	1½	5½	7
	500	18	42	55	7	16	19
	550	2	17	30	45	45	47
M & S (*244)	200	47	55	61	1	2½	4
	220	27	37	44	1½	5	6
	240	12	22	31	5	10	13
STC (*259)	240	23	32	44	3	10	12
	260	9½	21	31	11	17	20
	280	3	11½	21	23	30	32
Sainsbury (*292)	260	36	45	54	1½	4	5
	280	17	29	38	4	7	10
	300	7	18	28	14	15	17
Shell Trans. (*467)	420	52	65	80	2	6	8
	460	16	33	52	6	18	20
	500	3	15	30	34	35	37
Storehouse (*127)	110	18	25	28	2	3	5
	120	10	18	22	4	6	8
	130	4	11	16	8	10	13
Trafalgar (*327)	300	33	48	55	2	8	14
	330	11	29	37	13	20	27
	360	2½	15	–	37	37	–

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Utd. Biscuits (*356)	330	30	43	52	3	9	10
	360	10	22	33	12	19	22
	390	3	12	20	37	39	40
Unilever (*705)	650	61¼	86¼	108	2	5¾	10½
	700	19¼	49¼	74½	10¼	19¼	26¼
	750	2¼	–	–	48¼	–	–
Ultramar (*340)	330	18	33	47	7	14	17
	360	5	18	33	23	25	28
	390	2	9	–	43	43	–
Option		**Aug**	**Nov**	**Feb**	**Aug**	**Nov**	**Feb**
Brit Aero (*550)	500	64	77	96	5	14	19
	550	28	46	66	22	33	38
	600	8½	24	43	55	63	67
BAA (*433)	390	52	69	79	3	7	11
	420	29	50	59	9½	15	20
	460	9	27	32	32	34	38
BAT Inds (*663)	637	48	70	–	8	14	–
	650	–	–	75	–	–	23
	687	14	40	–	30	35	–
BTR (*432)	390	52	60	75	2	7	10
	420	28	39	54	9	17	20
	460	8	19	32	33	40	42
Brit. Telecom (*304)	280	27	34	40	4	6	9
	300	10	21	27	11	13½	17
	330	2	8½	–	35	36	–
Cadbury Sch (*357)	300	63	72	82	1	4	6
	330	37	48	60	5	10	13
	360	17	29	40	14	22	24
Guinness (*793)	700	110	127	132	2	5	7
	750	62	87	114	7	15	20
	800	30	55	82	26	33	37
GEC (*199)	180	22	25	29	2	4½	6
	200	6½	12	17	11	14	16
	220	2	5½	9	29	30	31
Hanson (*244)	220	28½	37	39	1½	2½	5½
	240	12½	22½	25	5½	8	12½
	260	3½	11½	16	17	19	24
LASMO (*421)	420	–	–	53	–	–	25
	433	15	32	–	23	27	–
P. & O. (*659)	650	30	46½	69½	13	26¼	29
	700	8¼	–	–	45½	–	–
Pilkington (*207)	200	17	28	33	6½	9	13
	220	7	16	23	18	20	22
Polly Peck (*436)	420	–	–	67¼	–	–	22¼
	460	13¼	33½	46¼	32½	37¾	42¾
Prudential (*235)	220	23	28	37	3½	7	8
	240	9	17	24	10	14	16
Racal (*196)	180	23	30	–	4	6	–
	200	9	19	26	11	13	16
R.T.Z. (*575)	550	43	63	83	8	15	18
	600	14	35	55	33	39	42
Scot. & New (*337)	330	17	32	42	14	20	23
	360	5	18	28	33	35	43
Tesco (*227)	220	15	22	30¼	4½	7	7½
	240	5	11½	18¼	16	17½	17¼
Thames Water (*159)	140	20½	22	26	4	6	9
	160	6	10	15	15	16	19
Water Hldg Pkg (*£1575)	1550	60	100	170	120	130	170
	1600	40	80	130	170	180	210
Option		**Jul**	**Sep**	**Nov**	**Jul**	**Sep**	**Nov**
Ferranti (*38)	35	5	6½	8	1	2½	3
	40	1½	4	5½	3	5½	6
Lucas Inds (*163)	160	7	13	17	4	7	9
	180	1	4	6½	18	22	23

Option		Calls Aug	Calls Oct	Calls Dec	Puts Aug	Puts Oct	Puts Dec
Reuters (*1256)	1250	63¼	103	140	40¼	58¼	67¾
	1300	39½	79	113	69	86	93¼
Option		**Sep**	**Dec**	**Mar**	**Sep**	**Dec**	**Mar**
Abbey Nat. (*205)	200	17	21	28	9	10	12
	220	6	12	17	20	21	23
Amstrad (*67)	60	12	14½	17½	2½	3½	5
	70	5½	9	12	7	8	10
Barclays (*412)	393	32	47	–	12	14	–
	420	–	–	43	–	–	33
Blue Circle (*255)	240	27	36	46	7	12	14
	260	16	26	35	17	21	23
British Gas (*222)	220	9	17	20	11	12	15
	240	2½	7½	12	27	27	28
Dixons (*153)	140	20	25	30	7	7½	9
	160	8	13	20	15	17	18
Glaxo (*810)	800	57	72	98	26	38	46
	850	30	47	72	55	65	70
Hawker Sidd. (*666)	650	55	66	90	27	40	43
	700	24	43	60	45	55	60
Hillsdown (*283)	280	22	32	41	11	15	18
	300	11	21	31	22	26	27
Lonrho (*255)	255	15	23	–	14	17	–
	260	–	–	26	–	–	25
Midland Bk (*295)	280	28	40	47	8	12	15
	300	16	28	35	20	23	25
R Royce (*217)	200	26	31	39	3½	6	8
	220	13	18	27	10	13	15
Sears (*103)	100	10	14	17	4½	6	7
	110	4½	8	11½	9	11	12
THF (*309)	300	26	37	48	9	15	18
	330	10	20	29	23	29	32
Thorn EMI (*784)	750	50	73	96	23	30	35
	800	25	44	65	47	52	57
TSB (*142)	140	8	14	17	7½	9	10
	160	2½	7	7	21	22	23
Vaal Reefs (*569)	60	14	15	17	4	5	6
	70	7	10	13	7	10	12
Wellcome (*621)	600	59	82	105	23	30	35
	650	34	55	79	45	54	57

EURO FT-SE INDEX (*2400)

	2225	2275	2325	2375	2425	2475	2525	2625
CALLS								
Jun	188	139	90	43	11	2	1	½
Jul	217	172	128	90	62	36	22	–
Aug	234	–	153	–	87	–	42	–
Sep	259	–	181	–	114	–	66	36
Dec	313	–	238	–	173	–	120	81
Mar	348	–	275	–	217	–	165	120
PUTS								
Jun	1	1½	3½	8	30	70	118	218
Jul	12	13	24	36	55	83	118	–
Aug	17	–	35	–	68	–	122	–
Sep	21	–	27	–	70	–	117	183
Dec	33	–	53	–	82	–	122	176
Mar	53	–	67	–	95	–	122	168

FT-SE INDEX (*2400)

	2200	2250	2300	2350	2400	2450	2500	2550
CALLS								
Jun	210	160	111	63	22	5	1	½
Jul	242	195	152	112	78	50	30	17
Aug	264	218	177	138	106	78	55	37
Sep	283	240	199	162	128	98	75	54
Dec†	333	–	257	–	190	–	130	–
PUTS								
Jun	½	1	2	4½	14	53	102	152
Jul	6	10	17	29	45	70	107	152
Aug	15	20	29	41	58	82	115	153
Sep	20	36	35	48	64	89	120	156
Dec†	30	–	49	–	82	–	131	–

June 26 Total Contracts 27,408
Calls 16,780 Puts 10,628
FT-SE Index Calls 5415 Puts 5648
Euro FT-SE Calls 33 Puts 1188

UK COMPANY NEWS

Reliant reports £4.2m loss and unveils plans for £5.5m rights issue

By Andrew Bolger

SHARES IN Reliant Group, the USM-quoted vehicles and property group, fell 5p to 12p yesterday after the company reported a pre-tax loss of £4.2m on turnover of £10.1m in the six months to March 31.

The Staffordshire-based company also announced its planned acquisition of a plastics moulding company for £1.9m and deeply-discounted rights issue to raise £5.5m after expenses.

Best known as the maker of the three-wheeled Robin, Reliant hopes to build export markets for the Metrocab taxi, for which it bought the manufacturing rights from the Laird Group for £4m last June.

Reliant was the subject of a reverse takeover in May last year by two housebuilding companies, Wiseoak and Belmont Homes.

Mr Carl Turpin, Reliant's chief executive, said the property division suffered an operating loss of £1.8m, reflecting the severely depressed state of the commercial and residential property market and the board's decision to dispose of property assets at a discount to book value in order to reduce borrowing. The group as a whole paid interest costs of £1.6m.

The industrial division made an operating loss of £476,000, after capitalising £705,000 Metrocab start-up costs. Mr Turpin said that Reliant was continuing its programme of reorganisation and rationalisation and output of the Metrocab had increased in the group's new purpose-built production facility.

Prospects for the industrial division were very encouraging, he said, with strong demand for the Metrocab, a successful launch of the SST sport car, and continued sales of the Robin.

Reliant also said it had an option to acquire Ex-Press Plastics, which specialises in the moulding of glass reinforced plastic products.

Ex-Press employs 120 people at Loddon, near Norwich, and Oswestry, Shropshire. The initial consideration is £1.9m and a profit-related deferred payment is not expected to exceed £600,000.

Mr Turpin said the system used by Ex-Press was more efficient than that used by Reliant and would be especially suited for pressing doors, bonnets, boots and wings for the Metrocab. It was expected to produce significant cost-savings for the group.

Under the rights issue, existing shareholders will be entitled to 59m new ordinary shares at 10p per share on a one-for-one basis. The issue has been fully underwritten by the stockbroker Sheppards.

Mr Turpin said that gearing, which had been over 200 per cent, would come down to 180 per cent after the rights issue and he hoped to reduce it to 60-70 per cent by the year-end.

In the current year property will account for 40 per cent of group turnover, with 60 per cent on the industrial side. However, Mr Turpin said he hoped to raise the industrial proportion to 80 per cent by 1991 and to continue to wind down the property business.

ERF slides into second half loss

By Kevin Done, Motor Industry Correspondent

ERF (HOLDINGS), the last remaining independent publicly-quoted UK truck maker, plunged into loss in the second half of the year to March 31 and is cutting its total dividend by a third.

Pre-tax profits for the full year fell by 58 per cent from a record £7.84m to £3.27m on turnover which dropped by 10 per cent from £164.49m to £148m.

The company is still operating at a loss in the current year and warned yesterday that the next 12 months would be "very difficult".

ERF has suffered an abrupt change of fortunes in the face of the steep recession in the UK truck market.

It suffered a pre-tax deficit of £474,000 in the second half of the year against record profits of £5.2m in the comparable period of the previous year and profits of £3.74m in the first half of 1989-90.

Turnover in the second half dropped by 36 per cent to £59.84m.

The company said it was proposing a final dividend of 6p effectively cutting the total dividend for the year by a third to 10p.

The fall into loss in the second half resulted from a steep drop in ERF's UK truck sales which declined to 3,226 against 4,340 a year earlier.

The big drop came in the second half as the recession in the UK truck market began to accelerate from the final quarter of 1989.

ERF's UK truck sales in the second half were more than halved to only 1,184 compared with 2,484 a year earlier.

In response to the recession the company has cut its workforce from some 1,100 to 864, and for much of the year has been working only a four-day week with a much-reduced level of output.

It is currently producing 9 trucks a day, five days a week compared with a peak of 21 trucks a day little more than a year ago.

It is hoping to increase output to 11 a day in the second half of August.

ERF is pressing ahead with an ambitious investment programme of £6m over the next two years for retooling for a new cab generation to be launched in 1992.

The company has also been restructured in two important moves

● It has sold a 37.7 per cent holding in its South African truck assembly subsidiary to the South African Industrial Development Corporation which is paying about £2m with an injection of new capital.

● It has also sold its ERF Plastics subsidiary to DSM, the Dutch chemicals group, for £3.3m cash and the transfer of £1.2m of bank debt. At the same time it has signed a long-term trading agreement with DSM for the supply of plastic components for its vehicle cabs.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Amber Industrial	fin	11.6	Aug 13	9.75	16	13.5
Anglo United	fin	1.2	Oct 1	1	1.4†	1.2
Aukett Assocs	int	1.5	Aug 16	1.25	-	4
Avesco	fin	1	Oct 8	1.125	1.5†	1.125
Beckenham §	int	1.5†	Aug 1	1.5	-	3
Debenham Tewson	fin	5.3	Aug 23	5	7.7	7
Fobel Intl	fin	0.1	-	0.65	0.1	0.65
Halma	fin	1.136	Aug 17	0.873	1.843	1.417
LPA Industries §	int	1.65	Aug 6	1.5	-	3.2
Maxwell Comms	fin	8.5☆	Oct 2	6	15	18‡
Shelton (M) §	fin	1.75	Aug 20	1.5	2.5	2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡For 15 months. ☆Carries scrip option.

BSG Intl shares dip on profits warning

By David Owen

SHARES of BSG International slipped yesterday as the Birmingham-based car dealing, components and consumer products group warned that 1990 profits were unlikely to match those of the previous year.

Mr Astley Whittall, chairman, told the annual meeting that pre-tax profit for the five months to May 1990 was less than that achieved in the corresponding period of 1989, and "is unlikely to be made up during the remainder of the year."

At the close, the shares were *down 4½p at 56½p.*

Mr Whittall said the group, in which Sir Ron Brierley's IEP Securities now holds just over 20 per cent, was continuing to experience a decline in its UK business because of the effect of high interest rates.

New car registrations for the first five months of the year were some 10 per cent below corresponding 1989 levels, he said. The group's vehicle distribution and leasing business was accordingly running 10-15 per cent down.

Economic conditions had also sapped demand for the group's childcare products, prompting it to close its Letchworth pushchair and nursery furniture factory at the cost of laying-off 184 people, Mr Whittall said.

Finally, the trading performance of the aircraft interior equipment company had continued to be affected by the high costs of manufacturing Boeing 737 lavatory compartments. These costs had outstripped expectations, according to Mr Whittall, both because the associated learning curve had proved steeper than anticipated and because many of the compartments were not of standard design.

In 1989, pre-tax profits totalled £23.4m – an improvement of just £300,000 from the prior year's levels. Vehicle distribution and leasing accounted for £424.4m of the £639m turnover. The balance was comprised of automotive components, £114.7m, and consumer and special products manufacturing, £100m.

Fobel moves £120,000 back into profit

Fobel International made a profit of £712,000 in the second half of 1989 and left the group with an overall surplus of £120,000 for the year, compared with a loss of £181,000.

Mr Alan Leboff, chairman, said the current year was again likely to show a first half loss followed by a strong second half performance.

The dividend is 0.1p.

Consortium mounts rescue package for troubled Filofax

By Andrew Hill

FILOFAX, the personal organiser company which last year lost nearly £1m, is planning to turn over a new leaf by recommending a consortium offer for 51 per cent of the group, followed by a £2.1m rights issue.

A consortium fund put together by Tranwood Earl, the financial services boutique, is mounting the offer which values the whole company at £4.3m.

The consortium of European and US institutional investors is bidding 30p for each share – just a quarter of the flotation price three years ago. Filofax shares rose 5p yesterday to match the bid.

The offer should enable Mr *David Collischon, chairman* and chief executive of Filofax, to reduce his family's 63 per cent stake in the company to a minimum of 8 per cent.

If the bidder wins more than 51 per cent of Filofax, surplus shares will be placed with institutions, enabling the group to retain its USM quotation. The five-for-nine rights issue is also pitched at 30p per share.

David Collischon – family interest would be reduced

In the last 18 months, Filofax seems to have been hit by a slump in the popularity of its personal organiser and related products. In spite of last year's £800,000 promotional campaign to kill the product's "yuppie" image and exploit new markets, Filofax said yesterday that trading was now worse than in 1989, making it difficult for the group to operate within its existing bank facility.

Mr Collischon denied emphatically that Filofax was a *fashion-led, one-product company*.

He said research commissioned from KAE Development, a management consultancy associated with Tranwood, had found that the yuppie image was irrelevant. "The research showed the product was here to stay and the market was going to go on growing," he added.

On KAE's advice Filofax is going to use the rights issue proceeds to expand and improve its distribution network for the organiser and pages outside Britain, and examine the possibility of new products carrying the Filofax brand name.

If the recapitalisation plan is successful Mr Ray Rankmore, Filofax managing director, will take on Mr Collischon's role as chief executive, while Mr Richard Koch of Strategy Ventures – KAE's principal partner – and three representatives of the Tranwood consortium will join the board. The consortium has proposed that Mrs Lesley Collischon and Mr Christopher Bostock should resign as directors.

Anglo Utd up as it digests Coalite

By Andrew Bolger

ANGLO UNITED, the fuel distribution group which last July paid £478m for the much larger Coalite group, yesterday reported a 55 per cent increase, from 4p to 6.2p, in earnings per share in the year to March 31.

Turnover, including an *eight-month contribution from* Coalite, rose to £534.2m (£120.76m) and pre-tax profits jumped from £6.6m to £15.3m. A final dividend of 1.2p makes a total of 1.4p (1.2p).

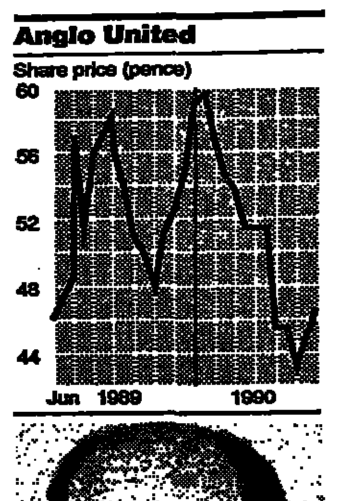
Net bank borrowings, which were £449m immediately after the bid, had been reduced to £282m by the year-end. It paid £26.3m in interest during the year.

Mr David McErlain, chairman, said the group had so far raised £135m by the rapid disposal of Coalite's waste disposal, builder's merchant and quarrying activities. Coalite's stake in Sovereign Oil and Gas had also been sold for £6.6m.

Mr McErlain said he hoped to raise another £100m in the current year. He would sell part of the group's property interests and its oil exploration assets. It had already announced the intention to sell its 20.6 per cent stake in NSM, the mining and building materials group, currently worth more than £40m.

The integration of the solid fuel distribution side of Anglo and Coalite created the biggest distributor in the UK after British Coal. Profits were higher than the previous year, in spite of one of the warmest winters on record.

Mr McErlain said the liquid fuel distribution business had been *disappointing*, with trading profits down 50 per cent on the previous year. The business was put up for sale, but that was reconsidered when it failed to attract a good enough offer. A new chief executive was cutting costs and aimed to increase profits significantly during the current year.



David McErlain: Coalite disposals raised £135m so far

The automotive division, which mainly distributes commercial vehicles in the north of England, held up reasonably well, given the adverse impact of high interest rates on the sector. That division was under review and might also be put up for sale.

Trading at the Falkland Islands Company was highly satisfactory. Trading profits were up 50 per cent and the company saw opportunities in servicing fishing fleets using the islands and oil companies involved in exploration.

● COMMENT

Given the sticky ends which have been the fate of some highly-leveraged bids in recent years, Anglo's digestion of Coalite seems to be going fairly smoothly – in spite of the warm winter. A rapid series of disposals chased up the share price at the end of last year, but it has since drifted downwards as the City looked to this set of figures. If anything Anglo appears to be ahead of schedule and should be able to make inroads into its senior debt of £230m in the current year. Even where Mr McErlain has changed his mind, as in deciding to hang on the fuel distribution business, he seems *confident of finding big* savings. Analysts are forecasting pre-tax profits of £29m for the current year. At yesterday's close of 46½p, up 1p, the shares are on a multiple of 6.4. That seems undemanding in view of the underlying strengths of the core businesses.

Record margins help Halma to £14.1m

By Andrew Hill

HALMA, the environmental control and safety group, managed to push up margins to record levels in the second half of 1989-90, and reported profits for the year 24 per cent higher at £14.1m, compared with £11.4m.

The company has inevitably been dubbed a "green" stock, but operates a range of subsidiaries specialising in a range of products including safety systems for large construction and oil-rig projects, fire detectors and water sterilisation equipment.

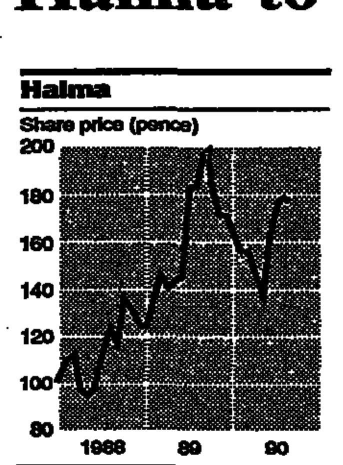
Earnings per share rose from 8.12p to 9.74p and a final dividend of 1.136p is recommended, making 1.843p (1.417p) for the year. Group turnover increased to £78.1m (£61.1m).

Mr David Barber, chairman, *said that profit margins had* risen to a record 19.7 per cent during the second half, and 19 companies of the 28 in the group had reported record profits. Margin increases had been achieved by moving away from low-margin products, rather than increasing prices.

The chairman stressed that Halma was involved in environmental markets before the recent interest in green issues. "In fact we are getting no more growth from green companies than we are from others. All our companies happen to sell to fairly buoyant markets."

Halma also emphasised the cash-generative nature of the business. Despite spending £10m last year, about half on acquisitions and half on capital expenditure, Mr Barber said net cash had still increased by £1m during the year and the group would be looking for further acquisitions in existing or related *areas of activity.*

Halma benefited during the year from an £850,000 (£297,000) extraordinary gain arising from the sale of two small subsidiaries.



● COMMENT

Halma looks like a stock whose time *has come*. The spread of niche businesses, many devoted to environmental improvement, is an ideal green hedge against the UK economic downturn which has struck other shares in the engineering sector. Individual companies are hit from time to time by depression in specific sectors: for example, one subsidiary manufacturing anti-shoplifting devices was suffering from the retailing decline in the first half but managed to pull itself round in the second six months. There is perhaps only one snag for potential shareholders: several investors seem to have spotted Halma's virtues already. The shares, 2p weaker at 177p yesterday, have risen strongly against the market since mid-May and stand on a mighty prospective multiple of more than 15, assuming pre-tax profits of about *£17.5m this* year. On the other hand, that still looks cheap if one assumes the greening of the market will continue.

Aukett pushes ahead 24% to £0.95m in busy year

By Peter Franklin

AFTER an active first half to end-March, Aukett Associates, the integrated architectural and building design company, reported pre-tax profits ahead 24 per cent to £947,000.

This compared with £760,000 last time and came from a 52 per cent increase from £5.8m to £8.8m in work done.

During the period the group obtained substantial new assignments from existing customers, including Marks and Spencer and Sun Alliance.

And subject to full local authority ratification, planning consent had been received for the redevelopment of Albert Bridge House in south-west London.

This freehold property, bought for £5m in a joint venture with 3i, is to become the main home for Aukett's integrated architectural, engineering and design teams.

The company's plans to expand in Europe last week moved on a stage when it hosted three days of discussions with its prospective partners in the recently-formed European network (AEN).

Representatives from companies in Austria, Switzerland, France, Spain, Finland and Belgium attended, and have confirmed that they will join the new organisation.

Mr Gerry Deighton, chairman, said Aukett needed architectural engineers from Italy and the Netherlands to complete the network, and the company had parties in mind.

The Geneva office was now established and a number of potential major projects in Europe had been identified, he said.

Three projects in Hungary were also in prospect, including a hotel and the development of a shopping centre in Budapest. Plans for development of an industrial park in Macon, France, were also at a late stage.

Further projects were also in train in Portugal and Turkey. "I am feeling good about first vibes in Europe", said Mr Deighton.

After interest payable of £125,000 and tax of £387,000 (£287,000) earnings per share were up 15 per cent to 4.52p (3.91p). the interim dividend is raised to 1.5p (1.25p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Airtours, Colorvision, Crest Nicholson, Hardys & Hansons.

Finals- Anglo Group, BPB Industries, Berkeley, Bristol Evening Post, Caledonia Investments, Cranswick Mill, Graham Wood, Hogg Robinson, I & S Optimum Income Trust, Rothmans International, Stormgard, Wyndham.

FUTURE DATES

Interims-	
Associated British Ports	Sept 13
EFG	July 4
Leslie Wise	July 5
Malaysian Smaller Cos	June 30
Finals-	
CH Industrials	July 3
Clark (Matthew)	July 12
Fleming Enterprise Inv	July 24
Greene King	July 4
Hollas	July 4
London Securities	July 9
Rapa	July 3
RPH	June 28

UK COMPANY NEWS

Ropner sells Hozelock to management for £24m

By Nikki Tait

ROPNER, the Darlington-based group whose diversified interests range from shipping to engineering, is selling its Hozelock garden products division to its management for just under £24m.

The deal will leave Ropner with a net cash balance of some £17m. Ropner said that, as a result of the disposal, it would be "well-placed to take advantage of any acquisition opportunities which may arise", although it added that no specific situations had yet been identified.

Explaining reasons for the sale yesterday, Mr Roger Winter, finance director, maintained that the "motivating factor was a very attractive price offered".

Hozelock, which was formed in 1959 and expanded by the acquisition of Associated Sprayers in 1983, produces and distributes garden watering and spraying equipment.

In 1989, it made a profit before tax and interest of £1.79m on sales of £24.6m, although Ropner conceded that demand pressures during the exceptionally hot summer and the introduction of new products and packaging meant that the figures were abnormally depressed. In the previous year, Hozelock made a comparable £2.42m on sales of £19.1m.

Ropner said that it was an abortive approach from a third party last December which triggered the management buy-out proposal. Funding for the deal is coming from a consortium of institutions, led by Citicorp Venture Capital.

The buy-out group will pay £21.8m for the equity of Hozelock, and repay intercompany debt of £2.17m. Ropner has acquired an outstanding 1 per cent interest in Hozelock for £240,000 cash, thus the net consideration which it receives for the equity is £21.6m.

Two Hozelock properties are also being excluded from the sale: these had a net book value of £3.68m at end-December, and are being transferred to other Ropner subsidiaries at an open market value of £7.32m. They are then being leased back to Hozelock.

Ropner said its pro forma net assets, after the Hozelock deal and the disposals of two bulk carriers completed earlier in the year, stand at £45.4m.

The net proceeds of the Hozelock sale – some £23.4m – will reduce existing group debt and the balance of £17m will be put on deposit.

Asked about acquisition plans, Mr Winter stressed that Ropner did not intend to diversify outside its four remaining activities, which comprise engineering, shipping, insurance broking and property.

£10m buy and new name for Spong

By Andrew Bolger

SPONG HOLDINGS, the housewares and retail display systems group which is being extensively reshaped, yesterday announced plans for a £10m acquisition and said it was changing its name to Lionheart.

Spong intends to buy Acorn Decorating Products, which makes paint brushes, rollers and decorating sundries, from Williams Holdings, the industrial mini-conglomerate.

In October Spong purchased Hamilton Group, a privately-owned maker of paint brushes and decorators' tools, for an initial £5.3m.

The cash to fund the Acorn acquisition will be raised by an open offer to shareholders of 45m new ordinary shares at 22p, on the basis of 84 for every 100 existing ordinary.

The new shares will represent approximately 48 per cent of Spong's enlarged capital. Its shares closed up 2p at 25p.

Spong was restructured in May last year when a consortium led by Hillsdown Investment Trust, the investment subsidiary of Hillsdown Holdings, the food group, invested £4m to take a 46 per cent stake.

Mr Paul Lever became executive chairman from his post as managing director of Crown Berger Europe, the paints division of Williams Holdings.

Mr Lever said he was familiar with Acorn from his time with Williams. It is based at Attleborough, Norfolk and employs 230 full-time staff.

The combination of Acorn with Hamilton would enable Spong to strengthen its position in the UK market for branded products.

Both Acorn and Hamilton were well known by DIY and professional consumers. The enlarged business would have a broader market spread and also be capable of supplying a full range of paint brushes, rollers and decorators' cutlery manufactured in-house.

Acorn made an operating profit of £831,000 on sales of £8.4m in 1989. Williams will make a cash injection into Acorn so that it will have net cash of £1.5m at completion. The pro-forma net assets of Acorn are about £3.7m.

Citicorp Investment Bank has made arrangements for institutional and other investors to subscribe at the offer price for any new ordinary shares not taken up by qualifying shareholders.

Directors said they felt it would be appropriate to change Spong's name in view of the extensive restructuring which had taken place. They intended that the name Lionheart be adopted by Spong to distinguish it, as parent of the group, from its subsidiaries, which would continue to use their existing corporate and brand names.

Speculation of a third party for Gartner

By Alice Rawsthorn

THE PROPOSED management buy-out of the Gartner Group, one of the management consultancies owned by Saatchi & Saatchi, may be threatened by a breakdown in negotiations.

Gartner's management team has been attempting to organise a buy-out for the business – one of the largest computer services consultancies in the US – since Saatchi put its consulting division up for sale last summer.

The Gartner managers have been in negotiation with Saatchi to agree terms of a buy-out since the start of this year. But sources close to Gartner say that the last time Saatchi negotiated with the management team was in mid-May.

Since then, they say, Saatchi has rebuffed Gartner's attempts to arrange further meetings. This has fuelled speculation in the Gartner camp that Saatchi may have found a third party which is willing to buy the business.

Saatchi said yesterday that the talks over Gartner had not broken down and that it was in the final stages of negotiation. Saatchi said it could not comment on the question of whether a third party was interested in Gartner.

Last autumn Saatchi was involved in lengthy negotiations to sell Gartner to Cap Sogeti Gemini, the acquisitive French computer company. CSG is thought to have offered between $90m and $100m, but withdrew when it realised that it would not win the co-operation of the Gartner management team.

In the early months of this year the Gartner managers put forward proposals for a buy-out package worth $70m, with Saatchi retaining a minority holding of roughly 40 per cent.

The condition of the US banking market has since deteriorated. Gartner has been affected by the uncertainty caused by the proposed sale. It is now thought unlikely that the managers could secure funding for a buy-out valuing the business for as much as $70m.

Saatchi is keen to sell its consultancies as quickly as possible to concentrate on its core communications businesses. Earlier this week its announced proposals to sell Peterson, its troubled US litigation services consultancy, at a substantial loss.

Further disposals planned to reduce borrowings

Maxwell Communications advances 12% to £172.3m

By Raymond Snoddy

MR ROBERT Maxwell, chairman and chief executive of Maxwell Communications, yesterday reported a 12 per cent increase to £172.3m in pre-tax profits for the year to March 31.

He said said there had been a "remarkable transformation" in the affairs and standing of the group both in its composition and in the quality of earnings from its constituent businesses. The business had moved from being a mixed printing and publishing company to a pure publishing company in 15 months.

Earnings per share at 20p, however, showed an increase of only 4 per cent. The total 15p dividend was also 4 per cent up, the final being 8.5p. Comparative figures are based on the 15 months to end-March 1989 calculated on an annualised basis.

The main reason for the modest earnings per share and dividend increase was a net charge of £108.1m arising from interest and investment income.

During the year borrowings, taken on to pay for Macmillan, the US publisher, and the Official Airline Guides, peaked at £2.7bn in September and had fallen to £2.1bn by the end of the financial year. They currently stand at £1.9bn.

Mr Maxwell emphasised yesterday that he had no junk bonds – high interest loans – and that $575m out of $990m in short-term loans due in October had already been repaid. The rest would be paid before the due date.

Maxwell Communications also planned to dispose of the remainder of its non-strategic businesses worth some $800m and sell property worth $150m to further reduce debt.

Only nine months of Macmillan's results and six months of OAG were consolidated.

Mr Maxwell also said that so far this year the company's American interests, now totalling 80 per cent of assets and profits, were 30 per cent ahead of budget.

Mr Brian Sturgess, publishing analyst at stockbrokers Barclays de Zoete Wedd, yesterday described Maxwell Communications' results as "very disappointing."

BZW expected £185m pre-tax and pointed out that after property deals and variations to Mirror Group Newspaper leases there was little growth in operating profits.

Mr Maxwell countered later yesterday by saying analysts couldn't pick and chose which bits to exclude. If they excluded property deals, they should also exclude interest charged he said.

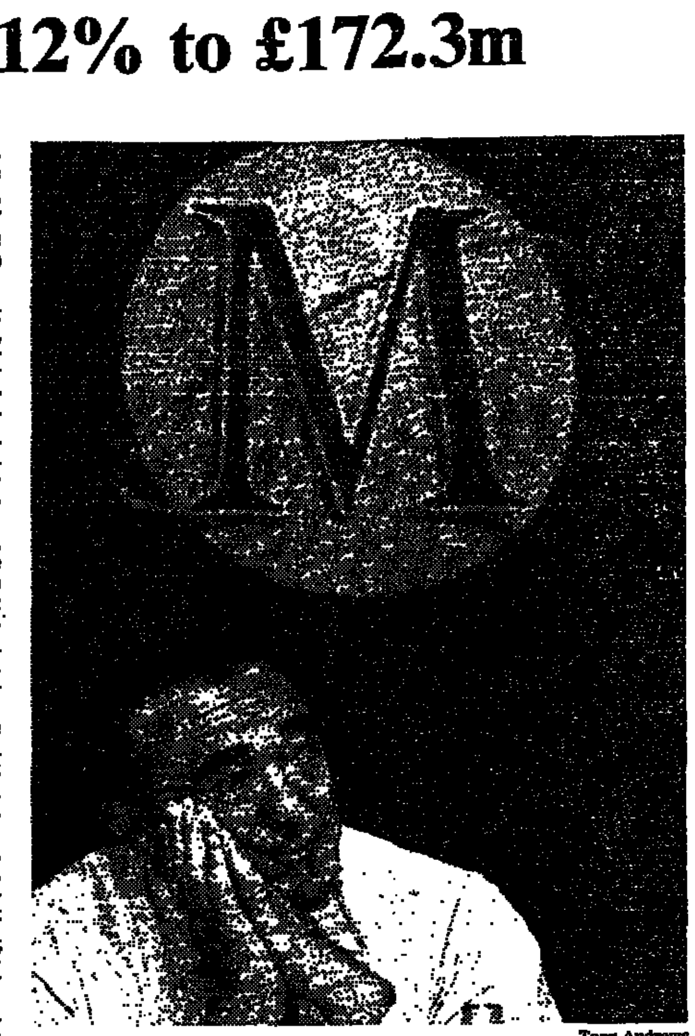
Mr Sturgess is now forecasting pre-tax profits of £190m for the current year.

Total sales were £1.24bn compared with £1.39bn for the 15 months to March 1989. Operating profits from continuing businesses totalled £226.6m.

The group also released a table from the Nomura Research Institute on price earnings relative for publishing and communications groups. It showed the forecast p/e ratio for Maxwell Communications as one of the lowest at 9.3.

The shares closed 4p lower yesterday at 195p.

See Lex



Tony Andrews

Robert Maxwell - American interests now contribute 80 per cent of profits and are 30 per cent ahead of budget this year

PJ Carroll slides into red with I£12m loss

By Jane Fuller

PJ CARROLL, the Dublin-based tobacco, fish farming and direct mail company, slid to a pre-tax loss of I£12.05m (£11.11m) in the 18 months to March 31, compared with a profit of I£8.5m in the previous 12 months.

The only one of the three divisions to make an operating profit was tobacco, with I£17.49m. But operating losses in direct marketing and fish farming, plus exceptional costs totalling £16.05m, took their toll.

Th share price fell 22p to 109p.

No final dividend will be paid. The loss per share was 16.1p (10.7p earnings).

Since PJ Carroll reported an 80 per cent reduction in taxable profit to I£1.7m for the 12 months to September 30, the senior management has been changed. Mr Donal Carroll retired as chairman and Mr David Fish resigned as chief executive. Mr Laurence Crowley has taken over as chairman.

The biggest operating loss – I£6.84m for the 15 months to December 31 – came in direct marketing in the US, a diversification on which the group said it had spent about I£25m since 1987.

To stem losses, the Carroll journals were suspended and the Stamford headquarters closed, shedding about 300 jobs. Restructuring costs were taken as an I£9.2m extraordinary item.

This leaves only Bedford Fair, which markets women's clothing, in this division. It made an operating profit of I£1m, but the cost of moving its base cancelled this out.

In fish farming (aquaculture), in which the company had invested up to I£30m since 1986, the operating loss was I£2.86m, because of development expenses and fish deaths, notably through disease. Writing down stock and assets led to an exceptional cost of I£11m. Steps had been taken to improve husbandry.

In tobacco, the company's share of a declining domestic market had fallen to 45 per cent compared with 60 per cent four years ago. This had been stabilised with the help of new low-tar and mild brands. An exceptional provision of I£4m had been made for changes associated with a review of the business.

With net assets falling by nearly I£32m to I£24.65m and net debt rising to I£17.3m, gearing stood at 70 per cent.

● COMMENT

After a disastrous period of attempted diversification, the new management has thrown everything but the kitchen sink into the catalogue of provisions. While the foray into US direct mail may terminate with the sale of Bedford Fair, fish farming remains a promising second string to the tobacco company's bow. But it will take until 1991 to see whether a successful rebuilding exercise has followed the clear out. A pre-tax profit of £9m this year gives a prospective p/e of nearly 10. It would take an act of faith in the new management to go for it at this stage.

Coal funds claim 41.9% of Globe

British Coal pension funds, waging a £1.11bn bid battle for Globe Investment Trust, said yesterday that they controlled 41.9 per cent of their target.

The bulk of this figure consists of shares either owned by BCPF or bought since the bid commenced. The bidder had also agreed to acquire a further 1.3 per cent of the equity for which valid cover had yet to be received. By Monday afternoon, acceptances covered just 1.5 per cent of the shares.

The bid has already been extended until July 9.

Amber profit up by 47% to £2.28m

By Chad Western

Amber Industrial Holdings, 75 per cent owned by Caledonia Investments, increased pre-tax profits by 47 per cent from £1.55m to £2.28m in the year to March 31.

Operating profit increased by 28 per cent and the pre-tax figure included higher net interest received of £389,000, against £73,000.

The UK market saw a slowdown but good results continued in West Germany. Ambersil, the speciality chemical company, provided the main contribution to group profits.

Turnover improved from £11.36m to £13.11m. Earnings per 10p share increased from 31.5p to 39.6p, and a final dividend of 11.6p makes a total for the year of 16p (13.5p).

Avesco static at £5.81m as legal battle takes toll

By John Thornhill

AVESCO, a supplier of equipment to television and video industries, recorded a modest increase from £5.37m to £5.81m in pre-tax profits for the year to March 31 as it struggled to overcome the effects of a costly legal battle.

Avesco assumed a possible legal liability when it bought full control of Spaceward in November 1988. Quantel, a subsidiary of Carlton Communications, had brought a law suit against Spaceward over a patent for an electronic painting system.

Mr Richard Murray, Avesco chairman, said: "Our advice at the time was that we would win the case. And if we had won, the company would have been worth £50m."

In fact, the loss of the legal case led to the withdrawal of products, stock losses, the closure of some manufacturing and research operations, and a cost of £8.9m. Provisions had already been made against such losses at the time of the acquisition, however.

"It has had an effect on the balance sheet rather than the profit and loss account," Mr Murray said.

Sales for the year grew to £28.88m (£24.78m) as exports, in particular, showed a marked improvement.

Fully diluted earnings per share grew from 10p to 12.1p. It would have fallen had it not been for a tax credit of £602,000 resulting from back-payments.

A recommended final dividend of 1p brings the total to 1.5p (1.125p).

Modest lift for LPA

A modest improvement in interim profits was reported by LPA Industries, the USM-quoted industrial electric accessory manufacturer.

On turnover 5 per cent lower at £3.47m taxable profits for the half year to end-March edged ahead from £346,000 to £366,000, struck after an interest bill virtually unchanged at £66,000.

An interim dividend of 1.65p (1.5p) is payable from earnings of 2.65p (2.5p) per 10p share.

Marginal rise for Debenham Tewson

By Nikki Tait

IN SPITE of the difficult property climate, Debenham Tewson & Chinnocks, the chartered surveyors, yesterday unveiled a small increase in pre-tax profits for the 12 months to end-April.

The company made £9.3m before tax, compared with £8.99m, but the second six months showed a fall in profits from £5.47m to £5.13m after a first half which had seen a 19 per cent advance.

Due to a slightly higher tax charge of 37.5 per cent, against 36.5 per cent, earnings per share were almost static at 18.96p (18.76p).

Turnover rose from £32.8m to £45m. However, both staff costs and other operating expenses increased more steeply, leading to a fall in operating margins. Staff costs amounted to £21.2m (£14.4m), while other costs totalled £14.7m (£9.78m).

Net interest receivable during the year was £72,000, against £173,000 last time. The company ended the year with a net cash balance of about £250,000, although that has subsequently risen to more than £3m. There is a final recommended dividend of 5.3p, making 7.7p (7p) for the year.

The company said yesterday that its regional network had continued to expand, although the south east was adversely affected by the slowdown in the property sector.

On current year prospects, Mr Richard Lay, chairman, said he viewed the current year with confidence for Debenham's results relative to the state of an uncertain market. But he stressed that attempts to limit overheads would continue.

The company has already reduced its London staff from more than 600 last autumn to less than 530 at present. It added that it would continue to respond to the market.

● COMMENT

Debenham Tewson's figures prompted a 13p rise in the share price to 114p, which may say as much about the narrowness of the market as analysts' sentiment. The regional workload has undoubtedly been helpful. As a very rough guide, the company suggests that profits in the main established offices in Cardiff and Birmingham rose by about 10 per cent, compared with the 3-4 per cent group result. The new Glasgow office, which last year incurred start-up losses of £200,000, is expected to break-even in the current period, and Debenham still says that a move into Manchester or Bristol is a possibility. Overseas operations, meanwhile, contributed £1.4m to last year's turnover and this, too, is seen as an area for further expansion. That said, analysts are predicting flat turnover at best in 19900-91, while costs will almost certainly rise, the pruning notwithstanding. Forecasts are tentative, but are in the range of £7m to £7.5m. That gives a prospective multiple of a little under 8. Long-term, analysts tend to view Debenham as a quality business, but short-term, there seems little about which to get excited.

Profits warning hits Psion shares

By Alan Cane

SHARES OF Psion, the UK's leading manufacturer of hand held computers, fell precipitously yesterday after Mr David Potter, chairman and managing director, warned that profits for the first half of 1990 would be significantly lower than those for the same period last year.

In the first half of 1989, the company – best known for its Organiser electronic notebook – turned over £14m and made pre-tax profits of £1.6m.

Analysts estimated however, that profits for the first half of 1990 could be under £500,000 on sales as much as one third higher. Psion's share price fell 35p to close at 90p.

The principal cause of Psion's distress is a substantial fall in turnover and big losses at Dacom, a small telecommunications company which it acquired at the end of 1988.

There have also been planned-for but significant costs associated with the development and launch of Psion's new range of notebook style computers.

Dacom makes an innovative modem – a device which allows computers to talk to each other over a telephone line – which has proved popular with customers.

However, Mr Potter said that Dacom's ability to manufacture the device in volume was not equal to its skills in modem design. The yield of properly manufactured modems was a low as 60 per cent, meaning that orders could not be fulfilled and sales were lost.

It is an unusual problem for Psion which has hitherto been noted for tight management and excellent manufacturing. The founders and joint managing directors of Dacom had now been replaced, Mr Potter said, and some 40 of the 100 staff at the company's plant in Milton Keynes made redundant.

Psion management had now taken over and the position was improving steadily.

Yesterday's announcement was the second disappointment this year from a company which many analysts believe is one of the UK's brightest hopes in information technology.

Last year, it failed to achieve its expected profits level, due Mr Potter explained at the time, to software delays, semiconductor prices and the beginnings of the problems at Dacom.

Analysts were marking Psion shares down yesterday from "buy" to "hold" to allow the dust to settle. They believe the problems at Dacom are the full extent of Psion's bad news and that the company still has bright prospects.

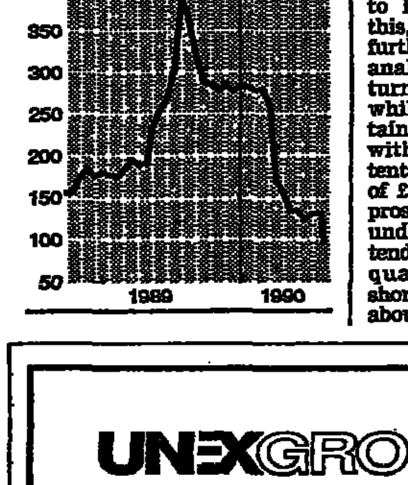
It is continuing to manufacture Organisers at the rate of 15,000 a month and sales are holding up unexpectedly well.

The company is making about 1,000 a month of the first model of its MC range of portable computers and two new models will shortly come on stream.

The take-up has not been dramatic, but Mr Potter said the resources to support the new machines – business software and so on – are only now becoming widely available.

Semiconductor prices are now moving in the company's favour. A rights issue earlier in the year means that the balance sheet is in good shape and the company has funds available to stay at the leading edge of technology.

Mr Potter said it was necessary to take a long-term view: "This is an unfortunate blip. We cannot turn on a sixpence but we still expect to deliver in the mid-1990s."



COMMODITIES AND AGRICULTURE

Indonesian tin output reduction

By Claire Bolderson in Jakarta

INDONESIA'S STATE tin company, PT Tambang Timah, is to reduce its output by 10 per cent over the next two years in a bid to improve efficiency and cut operating costs.

Timah produces about 80 per cent of total tin output in Indonesia, the world's third biggest tin producing country after Brazil and Malaysia

Timah's Marketing Director, Mr Harsanto, said in Jakarta this week that, faced with continuing low world demand and low prices, the company would cut output by 5 per cent in 1990 to 22,610 tonnes and by a further 5 per cent in 1991.

High-cost onshore operations at low-grade tin mines on Belitung and Singkep islands near southern Sumatra will be scaled down. Private companies will be invited to take over production management there while Timah concentrates in offshore operations.

Timah's President has said the cost of producing tin at Belitung and Singkep is higher than current world market prices of around $6,250 a tonne.

EC strives for harmony on veterinary regulations

By Tim Dickson in Luxembourg

EFFORTS TO break down barriers to trade in live animals and animal products were being stepped up in Luxembourg last night.

With time ticking away at his last EC Agriculture Council in the chair, Mr Michael O'Kennedy, the Irish Farm Minister, was urging his colleagues to back a new compromise on three important veterinary proposals, notably a plan to abandon vaccination against foot and mouth disease in favour of a compulsory EC slaughter policy.

Failure to advance the cause of "1992" would be a disappointment for the Irish Presidency – which specifically made this issue a priority – although there was something to cheer about yesterday with agreement on new egg and poultry marketing standards and on a symbolically important proposal allowing farmers taking advantage of the set-aside scheme to continue production for non-food uses.

Sensitivity was greatest, however, about foot and mouth, about the accompanying idea for a Community fund to help pay the costs of combatting disease and about a separate directive designed to end border checks within the EC on certain live animals.

In an effort to allay the fears of certain member states, notably France and Belgium, which are reluctant to give up vaccination against foot and mouth, the compromise makes provision for national vaccine banks and for Community antigen banks. It also appeared to sanction continued vaccination, with Brussels' approval, in the event of an emergency outbreak though the general rule would be compulsory slaughter.

The rate of reimbursement by the EC fund for the costs of dealing with foot and mouth was increased from 60 per cent to 70 per cent.

Contrary to British wishes domestic rabbits remained in the revised text on live animals – but while border checks would disappear member states would still be permitted to apply their own quarantine rules.

Fears that the traditional British turkey could be banished by an EC directive, meanwhile, were finally dispelled in Luxembourg yesterday.

Farm Ministers of the 12 agreed without discussion a compromise proposal for new poultry and egg marketing standards which continues to guarantee the bird pride of place at Christmas tables.

Under threat when Brussels tabled its original ideas was the "Traditional Farm Fresh", or "New York Dressed" turkey which accounts for about 30 per cent of the December market. These are produced and marketed under strict guidelines in the UK, being distinguished by the way in which they are left to hang ungutted for 7 to 12 days after slaughter, thereby improving their texture and flavour.

Yesterday's text – which carries the assurance British producers have been seeking - lays down standards relating among other things to the basic species of poultry, conditions of presentation, and water content.

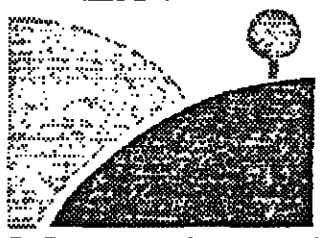
The compromise on eggs, meanwhile, continues to provide for compulsory date labelling of each package but overcame West Germany's insistence that individual eggs should be date stamped with a Commission statement. This said that Brussels will carry out a study examining the feasibility of Bonn's demands.

Mr Ignaz Kiechle, Bonn's Agriculture Minister, told his colleagues yesterday that import quotas established by the East German Government for "sensitive" products like meat and milk would be available to all member states. First quarterly figures for 1990 show that most of the licences when to West German firms – but Mr Kiechle said he would personally ensure that there was no discrimination against other EC countries.

Time heals memories of a troublesome oilseed

Improved varieties and production aid have revived British interest in growing linseed

FARMER'S VIEWPOINT



By David Richardson

MEMORIES OF a mis-spent youth have until now led me to believe that linseed was a crop I would be better off not to grow. Increasing interest by less prejudiced, or perhaps more youthful, farmers in recent years has persuaded, however, me to take it more seriously and I am coming round to the idea of trying a few acres.

My first experience of linseed was as a very young boy in the mid-1940s. The local boss of the War Agricultural Committee, which administered farming in those troubled times, had ordered my father to plant some linseed – which is in the same family as flax. There was a national need for the oil-bearing seed, my father was told, so he must help produce it.

Linseed oil is of course used in the production of paint, putty, varnish and so on as well as being a key component in linoleum, with which the mass of the population covered their bedroom floors in those days. Demand for the oil at the end of a war during which such luxuries had been the last things on anyone's mind was therefore brisk. Indeed as a result of the War Ag's urging about 80,000 acres of linseed was planted in the UK in 1945.

The problems it posed were horrendous, however, and my father talked of them to his dying day. The crop grew all right but before harvest its long wiry stalks collapsed and it lay flat on the ground. The only harvesting equipment available at the time was an old self-binder which was totally inadequate to the task of cutting the matt of fibrous material.

The linseed was only salvaged by sending gangs of men into the field with pitchforks to lift what they could, backbreakingly, so that the binders' blades could slide beneath and cut it. The untidy sheaves were stacked and later threshed through a traditional drum powered by steam and the seed, what little there was of it, was stored on the barn floor. It was so slippery from its own oil I remember that it ran all over the floor almost like water.

The straw was almost as big a problem. Tough and wiry, it was no good for littering livestock so it was left in a stack on the field. It was then that a couple of my playmates and myself discovered that if we chopped it up into short lengths with our penknives and rolled it in small pieces of newspaper we could smoke it.

The taste was vile but we felt very grown up – until my father discovered us at it one day and belted our backsides. Soon after, having found no other use for the straw, he burned the stack. He vowed never to grow linseed again and he was not alone. Most other farmers who had been pushed into growing the crop at that time made the same resolution and production stagnated. It is hardly surprising therefore that my later feelings towards linseed were less than enthusiastic.

But time, varieties and indeed the market for linseed have all moved on as the recent upsurge in interest demonstrates. Since the mid-1980s the acreage of linseed grown in the UK has increased by an average of about 30 per cent a year, rising from less than 3,000 acres in 1984 to an estimated 66,000 acres this year.

The main reason for such a dramatic rise is the area aid paid by the European Community to linseed growers. Between 1976 and last year this rose from £28.82 to £153.78 an acre. The subsidy for this year has not yet been announced.

It is a complicated and lengthy calculation, the result of which is intended to bridge the difference between the EC's guide price and the world price for linseed once average yields in the Community have been established. This means that payment to growers is delayed until eight or nine months after the crop is harvested. Given that the EC guide price has risen from £388.64 last year to £431.95 this year, however, it would be reasonable to assume that the acreage subsidy for this year's crops will be substantially above last year's.

Growers generally concede in fact that the subsidy covers the variable cost of producing linseed, leaving the sale value of what they produce to cover fixed costs and provide any profit. The open market price for linseed during the last 12 months has ranged from £170 to £200 a tonne ex-farm. Growing a good yield is therefore crucial and although present day varieties are more reliable than their predecessors this can vary from 10 cwt to almost 1.5 tonnes per acre in exceptional cases, with the average between 15 cwt and a tonne on most farms.

Clearly, however, viability relies heavily on the continuation of area aid. Advocates of the crop claim that this is not in jeopardy at least for a few years. They point out that in spite of recent expansion the EC is still only 15 per cent self-sufficient in linseed and has to import over 1m tonnes a year, mainly from Canada and the Argentine, which is of course the motivation for the Commission's encouragement to grow. Furthermore Britain is said to have an ideal climate for growing linseed – at present it produces 75 per cent of the European crop.

Other important advantages include the fact that linseed is environment-friendly. Its fertiliser requirements for instance are limited to about 60 units of nitrogen an acre (compared with up to 200 units for wheat) and as it has less pests and diseases than most other crops it needs less chemicals.

In addition, for three weeks each June the pale blue flowers that bloom every morning then fall to the ground to be replaced by new ones the following day beautify the countryside in an arguably less vulgar way than bright yellow oilseed rape.

At present little linseed oil is used in cooking anywhere in the world because of its linolenic acid content, which means it forms a film on its surface when exposed to air – the very property which makes it ideal for paint. In the US, however, researchers are currently investigating possible human health benefits that may result from taking linseed oil.

The plant is in the same family as evening primrose and borage, whose seeds produce gamalinolenic acid, which is claimed to be anti-inflammatory and to have anti-cancer properties for patients. It is also claimed to reduce cholesterol levels.

All of this may be for the future but in the meantime it is encouraging for a farmer like me to be looking at a crop for which demand is well above domestic European supply. The fact that it can be grown and harvested with the same equipment used for cereals these days also means that it can be tried at low cost. I feel sure, however, that some of the same problems that bothered my father in the 1940s still exist. I shall therefore proceed with caution and restrict any field-scale experiments to a limited acreage for the time being. But I shall not be smoking the linseed straw. I gave that up when I was 12.

Minor metals

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,650-1,710 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.40-3.10 (2.50-3.10).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 2.90-3.20 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 8.00-8.30 (same).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 205-225 (215-235).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.03-3.08 (2.97-3.05).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 5.00-5.60 (5.15-5.75).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 40-55 (40-56).

VANADIUM: European free market, min. 98 per cent, $ a lb VO, cif, 2.90-3.10 (2.80-3.10).

URANIUM: Nuexco exchange value, $ per lb, UO, 8.65 (same).

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	+5,900	to 155,550
Copper	−375	to 60,350
Lead	+125	to 43,225
Nickel	−42	to 8,274
Zinc	+1,750	to 42,450
Tin	−175	to 12,015

'Little danger' of Soviet gold flood

Kenneth Gooding on the second day of the Venice conference

FT CONFERENCE

GOLD IN VENICE

THE SOVIET Union shipped between 250 and 300 tonnes of gold bullion to Zurich and London in the first five months of this year, compared with total sales of nearly 300 tonnes for the whole of 1989, said Mr Alfred Schneider, first vice-president, precious metals department, Swiss Bank Corporation, at the second day of the Financial Times World Gold Conference.

But he insisted there was little danger of the market being flooded with Soviet gold.

Mr Schneider said nobody knew how much of this year's Soviet gold had been sold outright but he believed it was only part of the material. Most would have been swapped with commercial banks to raise short-term credits to pay for imports.

He believed most of this year's fund-raising had been completed so that Soviet gold exports to the West could be expected to decline in the second half of 1990 to below last year's average level.

Mr Schneider said he was convinced that this year's gold had come from Soviet reserves. He added: "I would not be surprised to see Soviet gold output decline somewhat rather than increase in coming years."

Some speakers yesterday were invited to discuss the price of gold to 1995. Both Mr Vittorio Gori, managing director, Gori & Zucchi, and Mr Timothy Green, a consultant to Gold Fields Mineral Services, pointed out that buoyant demand for jewellery, which accounts for nearly two-thirds of total gold consumption, would only provide price stability and could not be expected to drive the price of gold up.

"Short of some spectacular new environment in the first half of the 1990s, gold will trade in a range between the low US$300s to $$450 a troy ounce," said Mr Green.

Mr Gori suggested that jewellery fabrication had continued to dominate gold demand mainly because of the weakness of other areas, such as investment.

Mr Brian Marber, the well-known chartist, said he could surmise – not forecast – that the gold price could go down as low as $190 an ounce or it might turn upwards at $289.5. The low point might be reached as early as October, 1991, or maybe not until July, 1992.

It was "legitimate to suggest" that the next bull market in gold would end below $425 an ounce.

Mr David Pryde, managing director, JP Morgan, suggested that in the 1990s central banks would manage their gold reserves more aggressively "and with more of an eye for liquidity rather than long-term investment."

Central bank activity might well be pivotal in determining intermediate and long-term price trends.

"I foresee the growing tendency to swap or sell official gold reserves for cash since they represent quick and confidential methods of generating liquidity. I believe we are already seeing the beginning of this: in 1989 central bank sales amounted to 200 tonnes, albeit from a handful of banks," he said.

Mr Sidney Gold, managing director, Philipp Brothers, suggested that one method of encouraging a revival of private investor interest in the metal would be to have gold-backed securities which could be sold via the US's 400,000 authorised securities' dealers. The New York Commodity Exchange was to introduce such a product – the GAP (gold asset participation) to be sold like shares but each certificate would represent a holding of 10 ounces of gold.

Mr Junnosuke Inoue, general manager, precious metals division, Mitsui & Co, discussed gold investment schemes in Japan and added a touch of levity when he discussed "new physical gold products beyond your wildest imagination." These included pure gold statues of the Buddha which were selling well because religious material was free from tax so the statues enabled families to escape Japan's high inheritance taxes.

Mr Algy Cluff, chairman, Cluff Resources, said the lack of exploration in Africa for the past 25 years coupled with a much more pragmatic approach by many governments there, made the continent "if not an exploration Valhalla, one which has much to commend it, particularly at this disturbed time of low gold prices."

Mr Dan McGanty, director, Credit Suisse Financial Products, and Dr Kurt Richebacher, publisher of "Currencies and Credit Markets" newsletter, also spoke at the conference.

● The managing director of Western Mining, whose name was incorrectly given because of a transmission error yesterday, is Mr Hugh Morgan.

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD eased on the London bullion market yesterday, dropping back below $350 a troy ounce as Comex silver futures slumped to new contract lows. "Gold will go lower short term. There is no confidence in the market," said Neil Buxton, a precious metals analyst with Shearson Lehmann Hutton. Monday's rally on the back of reports that South Africa was trying to support the gold price proved to be exceptionally short-lived, traders said. Spot silver closed at 479 cents an ounce, after touching a new 12½-year low of 475 cents, compared with Monday's 485 close. Copper prices on the LME rallied from 4½-month lows during the afternoon, but still closed down. The market became somewhat oversold after aggressive European merchant selling in the morning, and the kerb close above the $2,420 a tonne chart support base was indicative of a further rally, analysts said. Most traders appeared to take their cue from a fall of 1,140 short tons in Comex warehouse stocks and ignore a 375 tonne fall in LME holdings to an eight-week low of 60,350 tonnes, traders said. The threat of a strike at Asarco's Ray Mine appeared to be discounted.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$13.70-3.80w	-.125
Brent Blend	$16.05-6.10w	-.125
W.T.I. (1 pm est)	$17.20-7.22w	-.23
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$222-224	+3
Gas Oil	$147-148	-0.5
Heavy Fuel Oil	$61-63	-1
Naphtha	$141-143	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$349.75	-3.75
Silver (per troy oz)♣	479c	-6.00
Platinum (per troy oz)	$480.35	+1.35
Palladium (per troy oz)	$112.85	-1.40
Aluminium (free market)	$1515	-20
Copper (US Producer)	111.75c	-1.5
Lead (US Producer)	45c	
Nickel (free market)	405c	-5
Tin (Kuala Lumpur market)	16.40r	-5
Tin (New York)	288c	-1
Zinc (US Prime Western)	87c	
Cattle (live weight)†	102.67p	-2.98*
Sheep (dead weight)†	147.74p	-6.61*
Pigs (live weight)†	103.49p	-2.23*
London daily sugar (raw)	$308.4t	+1.4
London daily sugar (white)	$392.5t	+6.5
Tate and Lyle export price	£290.0	+0.5
Barley (English feed)	£114.0w	
Maize (US No. 3 yellow)	£153	
Wheat (US Dark Northern)	£120	
Rubber (Aug)♥	54.75p	-1.25
Rubber (Sep)♥	55.25p	-1.25
Rubber (KL RSS No 1 Jul)	232.5m	-1.00
Coconut oil (Philippines)§	$307.5t	
Palm Oil (Malaysian)§	$275q	
Copra (Philippines)§	$215w	
Soyabeans (US)	£158.5	+1.5
Cotton "A" index	91.20c	+1.1
Wooltops (64s Super)	482p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jul. t-Jul/Aug. u-Oct/Dec v-Jun/Jul. w-Aug z-Aug/Sep y-Sep. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Aug	279.60	281.00	281.20	279.00
Oct	275.40	278.00	278.80	275.00
Dec	270.00		280.00	280.00
Mar	267.20	268.40	268.20	266.00
May	266.80	267.60	267.20	267.00
Aug	267.00		267.60	
Oct	264.00	259.80	264.00	
White	**Close**	**Previous**	**High/Low**	
Aug	385.5	385.0	386.5	384.5
Oct	357.5	359.0	359.5	356.0
Dec	353.0	354.0	352.0	
Mar	348.0	348.0	346.5	345.5
May	346.0		346.0	
Aug	345.5		344.5	

Turnover: Raw 866 (1326)lots of 50 tonnes. White 711 (806)
Paris- White (FFr per tonne): Aug 2140, Oct 2024 Dec 1990, Mar 1965, May 1960

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Aug	16.11	16.20	16.25	16.01
Sep	16.50	16.54	16.60	16.39
Oct	16.73	16.75	16.73	16.63
Nov	16.95	16.97	16.85	
IPE Index	16.04	15.97		

Turnover: 6743 (6652)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low	
Jul	145.75	145.75	147.00	145.50
Aug	146.00	146.25	147.50	145.50
Sep	148.25	148.25	149.25	148.00
Oct	151.75	151.75	152.75	151.50
Nov	153.75	153.75	154.00	153.00
Dec	155.75	155.50	156.00	155.00
Jan	156.00		156.00	155.25
Feb	152.50	152.00	151.00	150.75
Mar	149.00	152.00	149.00	148.00

Turnover 6423 (3773)lots of 100 tonnes

JUTE
July/August c and f Dundee BTC $540, BWC $540, BTD $520, BWD $520; c and f Antwerp BTC $520, BWC $515, BTD $500, BWD $495.

COTTON
Spot and shipment sales for the week ended June 22 amounted to 416 tonnes against 172 tonnes in the previous week. Trading remained on the low side and only few dealings occured and these were mainly in American, West African and Chinese growths.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Jul	747	732	752	735
Sep	773	758	780	760
Dec	802	785	807	793
Mar	831	814	835	822
May	849	832	852	841
Jul	867	850	871	864
Sep	884	872	888	883

Turnover: 5423 (10684) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 25 967.13 (968.5) 10 day average for Jun 26 991.88 (991.08)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Jul	557	568	569	550
Sep	580	596	591	575
Nov	599	606	610	595
Jan	616	623	627	612
Mar	631	637	644	633
May	648	654	662	647

turnover: 5826 (1902) lots of 5 tonnes
ICO indicator prices (US cents per pound) for June 25: Comp. daily 67.92 (67.40). 15 day average 70.34 (70.61)

POTATOES – BFE £/tonne

	Close	Previous	High/Low	
Nov	188.5	186.0	189.0	187.0
Feb	107.0		107.0	107.0
Apr	120.5	116.5	122.0	117.5
May	138.0	130.0	132.3	131.9

Turnover 321 (332) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Aug	113.00		113.00
Oct	116.00	115.00	116.00
Dec	123.00		123.00

Turnover 44 (25) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low	
Jun	1140		1135	1135
Jul	1010	1034	1050	1010
Oct	1104	1115	1130	1104
Jan	1125	1141	1145	1125
Apr	1135	1146	1165	1140
BFI	1144	1148	1144	

Turnover 382 (280)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low	
Sep	112.20		112.20	112.00
Nov	116.05	115.80	116.25	115.95
Jan	120.10	119.80	120.15	120.10
Mar	123.65		123.75	123.50
May	126.80		127.00	126.80
Barley	**Close**	**Previous**	**High/Low**	
Sep	110.80	110.75	111.00	
Nov	115.30	115.15	115.40	115.25
May	122.60	122.60	122.70	122.60

Turnover: Wheat 183 (40), Barley 20 (44).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low	
Jun	138.0	138.0	138.0	
Aug	122.5		123.5	122.3
Oct	121.0		121.0	

Turnover 31 (10) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 10,327 lots	
Cash	1531-3	1529-32	1517	1517-8		
3 months	1556-7	1554-5	1560/1543	1543-5	1559-60	44,930 lots
Copper, Grade A (£ per tonne)					Total daily turnover 20,008 lots	
Cash	1445-50	1460-2	1460/1440	1439-40		
3 months	1417-8	1440-2	1434/1410	1423-4	1421-2	78,551 lots
Lead (£ per tonne)					Total daily turnover 1,209 lots	
Cash	493-5	493-5	493	493-3.5		
3 months	497-8	495-6	497/493	495-6	495-7	9,657 lots
Nickel ($ per tonne)					Total daily turnover 2,371 lots	
Cash	8700-25	8815-40	8710/8700	8710-20		
3 months	8710-25	8800-25	8775/8710	8710-20	8725-50	9,210 lots
Tin ($ per tonne)					Total daily turnover 1,058 lots	
Cash	6510-60	6155-65	6150/6145	6145-8		
3 months	6270-5	6275-80	6280/6265	6285-70	6260-70	5,285 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 6,392 lots	
Cash	1722-7	1730-5	1725	1725-7		
3 months	1640-2	1635-6	1645/1625	1642-5	1645-6	19,497 lots

LME Closing £/$ rate:
SPOT: 1.7360 3 months: 1.7091 6 months: 1.6888 9 months: 1.6660

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	349½-350	201¼-201¾
Opening	352¼-352¾	203½-204
Morning fix	353.10	204.080
Afternoon fix	349.35	201.529
Day's high	353½-354	
Day's low	348½-349	
Coins	**$ price**	**£ equivalent**
Mapleleaf	357-362	205½-208½
Britannia	357-362	205½-208½
US Eagle	357-362	205½-208½
Angel	357-362	205½-208½
Krugerrand	349½-352½	201¼-203¼
New Sov.	81½-83½	48½-48
Old Sov.	81½-83½	48½-48
Noble Plat	482.10-489.75	278.35-282.80
Silver fix	**p/fine oz**	**US cts equiv**
Spot	277.05	480.40
3 months	287.20	490.30
6 months	297.30	500.30
12 months	317.35	521.80

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	July	Sep	July	Sep
1450	91	112	0	9
1550	11	48	20	40
1650	0	13	108	105
Copper (Grade A)	**Calls**		**Puts**	
2400	96	87	1	57
2500	22	43	28	111
2600	1	19	108	184
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
550	46	71	16	22
600	21	43	41	44
650	8	26	78	77
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
700	82	91	8	38
800	48	65	25	63
850	28	47	53	95
Brent Crude	**Aug**	**Sep**	**Aug**	**Sep**
1600	42			40
1650				
1700			37	90

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jun	350.4	353.8	351.0	349.6
Jul	352.0	354.1	0	0
Aug	352.8	356.2	354.2	351.7
Oct	357.4	360.6	358.5	356.2
Dec	362.0	365.0	363.1	360.7
Feb	366.0	369.5	366.0	365.7
Apr	370.3	373.9	370.3	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	479.0	481.9	479.5	476.6
Oct	484.7	487.6	485.4	482.5
Jan	489.5	493.4	491.0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jun	480.6	481.6	0	0
Jul	479.5	482.2	480.0	473.5
Aug	485.1	486.1	0	0
Sep	488.5	490.2	489.0	481.0
Dec	499.0	501.4	500.0	492.0
Jan	499.0	504.7	499.0	499.0
Mar	509.5	512.1	511.1	503.5
Sep	533.7	534.7	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	108.55	109.50	109.00	107.80
Jul	108.35	108.90	108.60	107.10
Aug	107.60	107.90	107.70	106.50
Sep	106.65	107.40	106.90	105.25
Oct	105.75	106.20	0	0
Nov	104.75	105.10	104.20	104.00
Dec	103.60	103.60	103.50	102.40
Jan	101.45	102.65	0	0
Mar	100.10	100.10	99.90	99.20
Apr	99.60	99.60	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	17.22	17.38	17.37	17.16
Sep	17.88	17.95	18.00	17.80
Nov	18.65	18.67	18.70	18.50
Jan	19.05	19.09	19.05	19.00
Feb	19.17	19.20	19.17	19.10
Apr	19.38	19.38	19.38	19.30
May	19.45	19.46	19.45	19.43

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jul	4860	4882	4880	4855
Aug	4895	4939	4910	4880
Sep	5017	5060	5035	5015
Oct	5142	5180	5160	5140
Nov	5265	5297	5285	5260
Feb	5395	5407	5395	5385
Mar	5220	5232	5235	5230

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	1228	1180	1228	1190
Sep	1244	1199	1249	1210
Dec	1277	1234	1279	1245
Mar	1310	1263	1310	1281
May	1300	1280	1300	0
Sep	1355	1325	1355	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	84.90	85.75	85.25	84.00
Sep	87.75	88.50	88.25	86.15
Dec	90.75	91.50	91.00	88.75
Mar	93.25	94.50	94.00	92.50
Jul	97.00	98.25	98.75	97.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	12.38	12.52	12.58	12.35
Oct	12.27	12.43	12.48	12.26
Mar	11.95	12.08	12.09	11.94
May	11.91	12.06	12.05	11.91
Jul	11.85	12.04	12.00	11.99
Oct	11.85	11.94	11.93	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	86.37	84.77	86.40	85.30
Oct	78.30	78.38	78.60	77.60
Dec	74.38	74.55	74.58	73.62
Mar	74.72	75.22	75.35	74.65
Oct	70.25	69.93	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	182.60	183.80	184.40	181.50
Sep	168.50	172.10	171.50	167.20
Jan	160.75	164.70	161.90	160.00
May	164.00	164.20	0	0
Jul	164.00	164.20	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jun 26	Jun 25	mnth ago	yr ago
1833.0	1829.8	1910.3	2019.8

DOW JONES (Base: Dec. 31 1974 = 100)

	Jun 25	Jun 22	mnth ago	yr ago
Spot	131.71	130.96	136.39	132.59
Futures	131.29	130.66	133.47	131.38

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	608/4	612/6	611/0	606/4
Aug	614/4	621/0	618/0	613/4
Sep	622/0	626/2	625/0	620/0
Nov	632/0	635/4	634/2	629/0
Jan	642/4	647/2	645/0	641/0
Mar	653/0	658/6	656/0	652/0
May	663/0	668/4	664/4	661/4
Jul	668/4	674/0	672/4	668/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	24.05	24.36	24.30	24.00
Aug	23.92	24.16	24.10	23.86
Oct	23.65	23.87	23.92	23.62
Dec	23.50	23.71	23.72	23.43
Mar	23.25	23.30	23.30	23.20

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	176.7	176.8	177.2	175.6
Aug	178.5	178.4	179.0	177.0
Sep	180.4	180.1	181.2	179.0
Oct	182.5	182.3	183.0	181.5
Dec	186.3	186.0	187.0	185.2
Mar	190.5	190.0	191.5	189.2
May	192.0	190.7	193.0	192.0
Jul	194.0	193.0	195.0	194.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	285/4	287/0	286/4	284/4
Sep	283/4	284/6	284/6	282/6
Dec	283/2	284/2	283/6	281/0
Mar	289/6	291/0	290/4	288/2
May	295/0	295/6	295/0	292/6
Sep	281/0	282/0	281/4	280/0
Dec	268/0	268/0	268/4	265/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	334/0	333/4	335/0	332/6
Sep	337/4	336/6	338/6	336/2
Dec	352/0	351/0	352/6	350/0
Mar	358/0	356/2	358/4	355/4
May	353/4	350/0	354/4	350/0
Jul	346/0	345/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	73.00	73.10	73.42	72.90
Oct	75.05	74.87	75.20	74.87
Dec	74.72	74.75	75.05	74.55
Feb	74.40	74.60	74.85	74.40
Apr	75.50	75.57	75.80	75.50
Jun	72.62	72.72	72.90	72.62

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	60.45	59.87	60.60	59.80
Aug	58.62	58.55	58.85	58.05
Oct	52.55	52.15	52.65	52.00
Dec	51.65	51.22	51.70	51.25
Feb	49.07	48.70	49.15	48.70
Apr	46.00	45.80	46.20	45.95
Jun	49.25	49.10	49.55	49.25
Jul	49.07	49.07	49.15	49.00

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	57.15	57.40	58.87	56.20
Aug	56.35	55.67	57.47	55.00
Feb	56.22	54.85	56.35	54.75
Mar	54.92	54.82	56.10	54.50
May	55.30	55.95	56.20	55.10

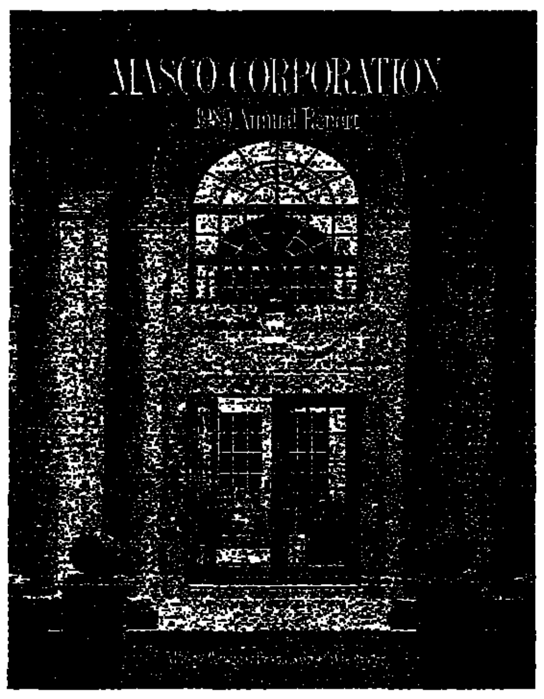
North American Companies: Annual Report Update 2

Part 2 of two-page series appearing June 26th and 27th

9

Louisiana Land

The Louisiana Land and Exploration Company (LL&E) is among the largest independent oil and gas exploration and production companies in the U. S. Over 60% of LL&E's proved reserves are located in the U. S. with foreign reserves located in the U. K. and Dutch Sectors of the North Sea, Canada and Colombia. LL&E's Common Stock is listed on the New York Stock Exchange (Symbol: LLX) and numerous foreign exchanges.



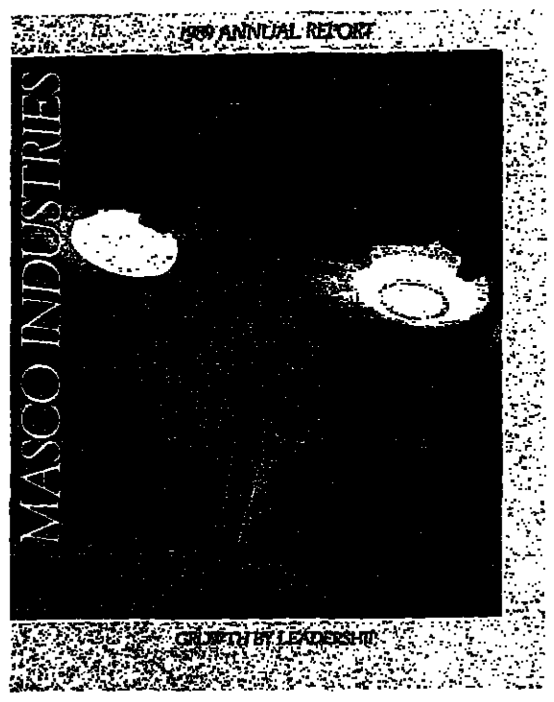
10

Masco Corporation

"A Unique Consumer Products Growth Company"

Masco Corporation has reported 33 years of growth with both sales and earnings increasing at average annual rates of *approximately 20 percent during that period.*

Send for our 1989 Annual Report to learn why, we believe, Masco's earnings will continue to grow at an average annual rate of 15-20 percent annually over the next five years, with our sales in 1994 approximating $5 billion.



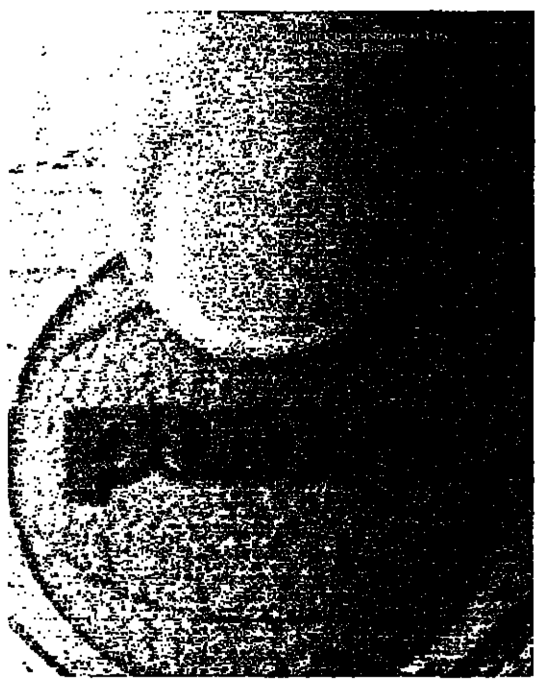
11

Masco Industries

"A Unique Industrial Growth Company"

Masco Industries is a technology-based company whose corporate objective is to achieve above-average growth by utilizing our design, engineering and manufacturing skills to develop innovative processes and products for an expanding number of markets.

We believe that with consistent application of our proven growth strategies, we can achieve significant increases in earnings per share over the next five years in pursuit of our goal of building... "a unique industrial growth company."

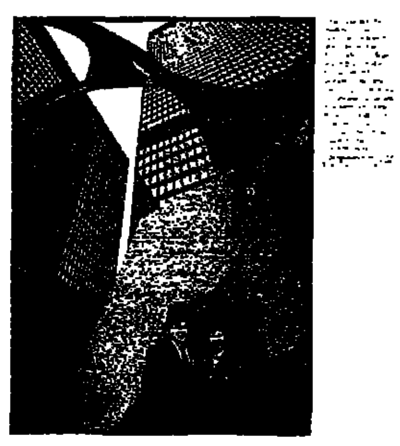


12

Reebok

Reebok International Ltd. (NYSE:RBK) is a leading global designer and marketer of active lifestyle and performance products, including footwear and apparel. Reebok introduced its unique PUMP™ technology, featuring an internal air-bladder system, last November in a premium basketball shoe and is now extending this technology into other athletic footwear lines. Reebok reported record sales and earnings of $1.822 billion and $175 million, respectively, in 1989. Reebok's family of brands also includes AVIA, Ellesse (North America), Rockport and Boston Whaler.

1989 Annual Report

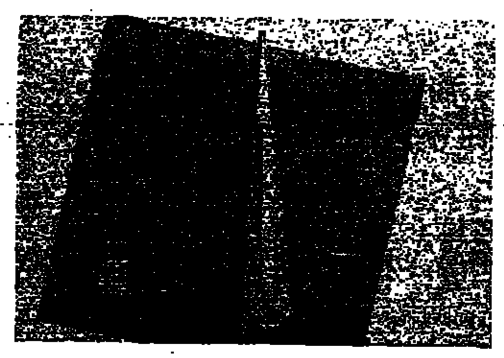


13

Southwestern Bell

Southwestern Bell Corporation is a family of regional, national and international companies at the forefront of the burgeoning communications industry. Its cellular and paging operations are among the largest and fastest growing in the country. 1989 assets: $21 billion; revenues: $8.7 billion; earnings per share: $3.64; and dividends: $2.76.

"We're Different on the Inside, Too"



1989 Transamerica Corporation Annual Report

14

Transamerica Corporation

Transamerica's mission is to be the premier provider of specialized financial and insurance services to individuals and organizations. In 1989, net income grew 27 percent and was evenly balanced between finance and insurance. Our 1989 annual report discusses our operating results and our corporate strategy of focusing on high-return, high-growth financial services businesses.

15

UtiliCorp United

UtiliCorp has grown rapidly by acquiring seven electric and gas utilities for $421 million. It is also expanding in non-regulated areas of its industry, primarily natural gas marketing and supply and independent power production. Net income rose 18% in 1989 to a record $48.3 million. Total assets grew 30% to $1.5 billion. UtiliCorp serves 810,000 electric and gas customers in eight states of the U.S. and one Canadian province. (NYSE:UCU)

Send for the following Annual Reports

☐ 9. Louisiana Land ☐ 10. Masco Corp. ☐ 11. Masco Ind. ☐ 12. Reebok
☐ 13. Southwestern Bell ☐ 14. Transamerica ☐ 15. UtiliCorp

You can also send for these Annual Reports which were featured on June 26th

☐ 1. Alliance Capital ☐ 2. Ametek ☐ 3. Bell Atlantic ☐ 4. CSX
☐ 5. Echlin ☐ 6. Engelhard ☐ 7. Federal-Mogul ☐ 8. Inco

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LONDON STOCK EXCHANGE

June futures contract sets the pace

A VOLATILE performance from a UK stock market largely driven by stock futures resulted in a cliff-hanging finish yesterday, with the FT-SE Index finally losing a battle to hold on to the 2,400 mark regained in early trade.

External factors, including Wall Street's response to ambiguous comments by President Bush on tax revenue increases to reduce the US Budget deficit, were thrust aside as London marketmakers struggled to sort out positions *in the Footsie June future contract* which expires on Friday.

Beneath the excitement the equity market appeared buoyant, with institutions unwilling to sell ahead of the close of the half year, and some foreign funds still buyers on expectation of early British entry into the EMS exchange rate mechanism.

Account Dealing Dates		
*First Dealings:		
Jun 11	Jun 25	Jul 9
Option Declarations:		
Jun 21	Jul 5	Jul 19
Last Dealings:		
Jun 22	Jul 6	Jul 20
Account Day:		
Jul 2	Jul 16	Jul 30

*New-time dealings may take place from 8.30 am two business days earlier.

Share prices opened firmly, despite Wall Street's fall overnight, and were then pushed to a 21.6 gain on the Footsie by early activity in June futures; the June contract moved to a premium of around 30 points, and marketmakers hurried to buy the underlying Footsie stocks.

Leading marketmakers have built up substantial positions in the Footsie June future and, since the premium must technically shrink to zero at Friday's expiry, the play between the future contract and the underlying index became vigorous yesterday. The pressure in the cash market eased when the premium on the June future shrank – eventually to zero, according to the calculation of fair value by one leading securities house.

The FT-SE Index peaked for the day at 2,420.1 as early as 9.14am, and began a slow decline which quickened when a further advance by sterling discouraged buying of the blue *chip stocks in London*; "we can buy many of them cheaper in ADR form in New York," explained one specialist in the cross Atlantic share trading.

But London was not particularly interested when New York opened the new session with a gain of 24 Dow points as Federal bonds responded to President Bush's remarks on fiscal policy. London tried to steady when the Footsie 2,400 line was first lost, but receded a shade in the final minutes.

The closing reading showed the FT-SE Index at 2,399.8, a mere 1.3 up on the day.

Revived optimism for early ERM entry and cuts in domestic interest rates brought a *brief rise in property stocks*, which have also been encouraged by further lettings of property in London's major Canary Wharf Docklands development, but share gains were not held at the close.

Seaq trading volume rose smartly to 461.2m shares from 379.1m in the previous session. However, yesterday's total included a high proportion of inter-market business as marketmakers unwound trading positions.

FINANCIAL TIMES STOCK INDICES

	June 26	June 25	June 22	June 21	June 20	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	80.37	80.35	80.39	80.19	79.85	85.35	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.41	88.54	88.67	88.44	88.30	95.01	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1926.6	1929.4	1913.0	1906.3	1903.4	1829.7	1968.3 (3/1)	1853.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	174.2	173.9	171.0	170.3	169.6	192.6	378.5 (6/2)	167.9 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2399.8	2398.5	2378.5	2370.3	2371.2	2206.4	2463.7 (3/1)	2103.4 (30/4)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.81	4.80	4.84	4.85	4.85	4.36				
Earning Yld %(full)	10.61	10.60	10.67	10.69	10.69	10.26				
P/E Ratio(Net)(☆)	11.42	11.44	11.35	11.33	11.32	11.74				
SEAQ Bargns 4.45pm	26,826	23,493	28,472	24,245	23,688	27,068				
Equity Turnover(£m)†	-	636.90	880.26	913.87	877.52	1285.37				
Equity Bargains†	-	22,943	27,992	24,798	22,817	27,501				
Shares Traded (ml)†	-	318.6	387.9	380.9	376.2	418.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35. Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 11.26

Ordinary Share Index, Hourly changes Day's High 1945.5 Day's Low 1925.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1934.0	1943.4	1937.1	1940.5	1934.0	1930.6	1930.9	1931.5	1927.7

FT-SE, Hourly changes Day's High 2420.1 Day's Low 2399.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2402.5	2417.5	2411.4	2415.7	2409.3	2404.2	2404.2	2408.6	2401.5

GILT EDGED ACTIVITY

Indices*	June 25	June 22
Gilt Edged Bargains	123.7	127.0
5–Day average	138.8	140.3

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001.

Rerating hurts NatWest

THE SERIES of swingeing cuts in profits forecasts in the banking sector was taken a stage further yesterday when Smith New Court lopped more than £300m off its current year forecast for National Westminster Bank, lowering its expectation to £1.15bn. Ms Alison Deuchars said this took the Smith forecast "from the top of the range to what we think is now the lowest."

Ms Deuchars said this sharp reduction was blamed on Natwest's potential bad debts in the UK and the US. The bank *would have to make a* "substantial further provision against its US real estate loan book," possibly of as much as $200m for the year – a $50m provision *has already* been made, "and that includes nothing for the Donald Trump businesses."

Smiths estimate that bad debts in the UK could reach £640m, a figure which included "nothing major, just pressure across the whole of the loan book." The analyst is also shaving her NatWest dividend forecast from 19.25p to 19.1p, while pointing out that this still represents a 14 per cent increase on the previous year. "The downgrade," she added, "confirms our sector preferences for Barclays and Lloyds."

She expected NatWest shares to underperform and said the outlook for Lloyds was "looking rosy – we think it is the only bank likely to come *up with profits higher at the* underlying level." Smith New Court visits Barclays Bank today.

NatWest shares closed 5 off at 338p on 4.4m, while Barclays were a fraction off at 412p on 4m. Lloyds rose 5 to 302p.

Maxwell disappoints

Year-end profits from Maxwell Communications were below the bottom of the range of analysts' forecasts, but a fall in the share price was cushioned by a good dividend payout.

The full year profit of £172.3m compared with forecasts of above £185m. The verdict of both analysts and marketmakers was that the figures were disappointing.

Mr Brian Sturgess at BZW downgraded Maxwell from a buy to a hold and cut his profits forecasts. The new prediction for the current year is £190m, *instead of £205m*. He was particularly concerned with an exceptional item to do with the lease on the Mirror building in central London.

Ms Angela Bawtree at S.G. Warburg said the final dividend of 8¼p was better than expected and the fact that it was payable in October made the shares attractive now. She said the yield was *5.9 per cent* on that dividend and Maxwell Communications' status as an income rather than a growth stock had been underlined. However, *she cut her current* year profits forecast from £200m to £175m.

Traders said that turnover, at 5.4m, was high for the stock. The shares *recovered from the* day's low of 193p to close at 195p for a net decline of 4.

BAe rally further

British Aerospace continued to regain health after last week's savaging on news of the cuts in defence spending and the cancellation of 33 Tornado fighter orders. The shares traded quite briskly and rallied a further 8 to 550p, although Nikko Securities (Europe) recommended investors to reduce holdings in the stock.

In a detailed survey of BAe, Mr Alasdair Stewart believes the group is likely to experience a difficult period for profits over the next two to three years. It also faces a significantly negative cash flow over several years, said the analyst, but he conceded that "this enormous group does have long-term potential."

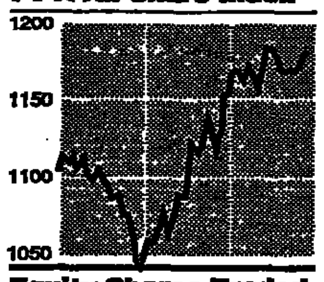
As one of the leading European defence contractors, it is in a position to use the forthcoming squeeze in the defence industry to acquire weaker rivals in order to strengthen its *market position, suggested Mr* Stewart.

Volume in British Steel failed to match Monday's exceptionally heavy level, but *was still high relative to over*all market business. A report of discussions with USX, the US steel and energy group, underlined the UK steelma*ker's known determination to* expand internationally, prompting support for the shares which settled 1¼ better at 148p.

Siebe regained much of the previous session's loss as the financial press gave the group the benefit of doubts expressed over the proposed takeover of Foxboro, the US automation and control equipment manufacturer. At the close, Siebe was 15 dearer at 520p.

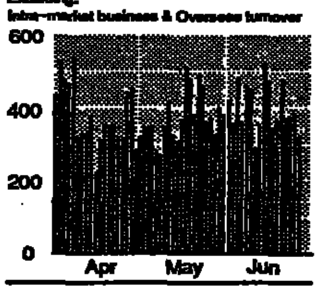
Further sell recommendations upset Davy Corporation, down 7 at 217p. Smith New Court took a cautious view of the earnings for 1991 and said the price-earnings ratio is at a premium of 35 per cent to Babcock. "The right price for Davy is 200p, but only for those who can sleep at night," Smith argued.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Internationally quoted stocks had a bad day as a strengthening pound made buying of the ADRs in New York, instead of the shares in London, an attractive prospect. Glaxo and SmithKline Beecham each shed a penny to 810p and 545p respectively. Ever volatile Wellcome gave *up 7 to 621p, while US selling* undermined Reuters, down 12 at 1255p.

ICI was additionally unsettled by a cut in profit forecasts *from S.G. Warburg, the company's* joint broker. The new figure for the current year was believed to be £1.425bn, some £50m below the previous esti*mate, while the prediction for* next year was trimmed from £1.6bn to £1.56bn. Warburg was concerned at international trends in the chemicals industry *and the possible strength*ening of sterling as entry to the European Exchange Rate Mechanism approached. ICI is this morning holding a presentation to analysts and institutions in London.

Traders noted US selling as ICI slipped 10 to 1184p. Turnover was a steady 1.3m. Isle of Man Steam Packet continued to benefit from Monday's bid by a subsidiary of Sea Containers. *The shares rose 11 to 127p*, making a two-day gain of 32.

Filofax, the stationery company which has issued a series of profit warnings, announced *a recapitalisation in the form* of a cash offer from Tranwood Earl. The offer is 30p cash for each Filofax share and values the company at about £4.3m. There *is also* a rights offer, which has been underwritten by Tranwood Earl. Filofax climbed 5 to 30p.

BPB, the UK's biggest plasterboard manufacturer, underperformed the rest of a very firm building sector, closing 7 off at 230p after Hoare Govett reduced its forecast of pre-tax profits for the current year. BPB is scheduled to announce preliminary results tomorrow, with Hoare going for £128m pre-tax, against £202m the previous year. Mr Donald Anderson at Hoare lowered his expectation for the current year from £138m to £120m, citing BPB's aggressive pricing and marketing of its products.

Mr Anderson said: "If you want to play in the contracting or building materials sectors ahead of an interest rate cut, we would recommend Redland, RMC or Steetley rather than BPB.

RMC, boosted by a Fleming buy recommendation, rose 18 to 707p. Raine attracted support and firmed 2 to 113p. The more positive stance of some *specialists* towards the commercial property sector, together with the interest rate factor, aroused an early flurry of buying which raised prices *quickly*. The *tempo, however*, slackened around midday when the screen recorded a single transaction of 1.2m shares in Land Securities. *Almost immediately, leading* stocks came away from the best levels, with Land Securities slipping from 515p to finish 5¼ higher on balance at *507½p. MEPC reached an iden*tical high before ending only 2 firmer at 503p, but Greycoat performed well, rising 6 further to 417p.

Debenham Tewson & Chinnocks, the estate agents, moved ahead 13 to 114p after surprising the market with slightly higher annual profits.

Most food issues retreated as the sector continued to attract analysts' attention following the takeover announced last week by Philip Morris, of the US, for Jacobs Suchard, the Swiss coffee and chocolate group. Philip Morris's previous rumoured bid targets, Cadbury Schweppes and United Biscuits, continued to retreat. They both lost 6 to 357p.

Analysts have been arguing that the competition in the foods sector in Europe will get tougher as a result of the merger. Others to suffer included Associated British Foods, down 3 at 405p, Hillsdown, which peaked at 289p *but closed at 283p, a net penny* weaker, and Ranks Hovis McDougall, 5 lower at 350p.

An early seller of a long line of Asda stock left the shares *weak all day. They closed at* 119p, down 4.

Shares in Psion, the electronics to software group famous for its electronic per*sonal organisers and laptop* personal computers, plummeted from an overnight 125p down to 85p after the group issued a profits warning, before stabilising and settling a net 35 off at 90p.

The company said its interim results for the period to end-June, expected in September, "are likely to show a substantially reduced level of pre-tax profits than for the comparable period the previous year." The cause, said Psion, is the poor performance of Dacom Systems, which it said will show a significant loss for the period.

The electronic components stocks were fully steady early in the day but came under pressure in mid-session when James Capel issued a take profits note on the sub-sector. Mr Jim Ross, electronics analyst at Capel, said the stocks "have had a good run over the past month or so during which they have outperformed by 11 per cent."

British Telecom were marginally easier at 303½p with turnover of 10m said to have been boosted by institutional buying which was offset by yet more selling from employees who held share options.

The announcement by Moto*rola that it had developed a* satellite-based cellular radio system was perceived as a potential threat to cellular sector leader Vodafone and triggered nervous selling of the Racal "twins". Electronics lost 4 to 197p and Telecom 3 to 243p.

County NatWest was revealed as the instigator of the downgrade in software houses, reducing their Logica forecast to £8m, against the previous year's £18.8m. It reduced its forecast for SD-Scicon to £12m, against £15.5m, and lowered the forecast for Sema from £21m to £19m. "The UK economic slowdown is having a marked effect on turnover growth and margin performance of UK software houses," said the County NatWest *team. Sema shares put on* 10 to 561p on the suspicion that French group Cap Gemini Sogeti had been adding to its 24 per cent stake in Sema. County's premier recommendations in the sector include Macro, which rose 7 to 305p.

Parkfield, the mini-conglomerate, resumed the downturn which followed last Thursday's profits warning. The shares fell to a new low of 145p before ending a net 16 off at 152p.

Favourable advice from Kleinwort Benson attracted buyers to ML Holdings, up 2 at 113p. Mr Jeremy Allen at the securities house thinks the market will legitimately remain cautious with regard to ML's defence business, but the group has reacted swiftly to reduce its exposure in this area. "A *price-earnings multi*ple of just over seven times is an unjustified discount to the sector," said the researcher.

Gestetner (247p) eased despite analysts issuing positive notices after Monday's first-half trading statement.

Heavy vehicle manufacturer ERF slumped after revealing sharply lower annual profits and warning that trading over the next twelve months will be "very difficult." The shares ended 20 down at 153p. Reliant was another in the sector to weaken, falling 5 to 12p on poor interim figures and a £5.5m rights issue. The funds will be used to finance an acquisition and reduce gearing.

■ Other Market statistics, including the FT-Actuaries share index, Page 21

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	228	187	-2½
ASDA Group	7,400	119	-4
Abbey National	2,800	205	+2
Allied-Lyons	2,700	510	+4
Amstrad	283	68½	-½
Anglian Water	487	159	-1
Argos	1,000	232	-1
Argyll Group	1,600	245	+1
Ass. Brit. Foods	728	405	-3
BAA	3,500	433½	+3½
BAT Inds.	1,300	683	+2
BET	2,100	261	
BICC	124	458	
BOC	845	609	+10
BPB Inds.	1,500	230	-7
BTR	2,900	432	+3
Barclays	4,000	412	-1
Bass	788	1111	+3
Beazer	1,900	170	+2
Berisford Int.	301	114	-3
Blue Circle	1,400	255	
Boots	2,000	307	
Brit. Aerospace	2,000	550	+8
British Airways	2,000	215½	+1½
British Gas	4,500	222	+1
British Land	133	318	+3
BP	7,800	327	
British Steel	5,500	148	+1½
British Telecom	10,000	303½	-1
Bunzl	923	99	+2
Burmah Oil	288	645	+1
Burton	6,800	164	-5
Cable & Wire.	1,300	553	+9
Cadburys	1,500	357	-6
Calor Group	17	272	+2
Carlton Comms.	481	531	+9
Coats Viyella	395	130	+1
Comm. Union	498	522	-1
Cookson	2,400	216	

	Volume 000's	Closing Price	Day's change
Courtaulds	827	398	-1
Dalgety	240	382	+2
Dixons	1,400	153	-3
ECC Group	644	400	-1
Enterprise Oil	1,200	658	+8
FKI	2,000	73	+½
Ferranti	382	38	+2
Fisons	2,200	358½	+½
Gen. Accident	67	1123	+4
General Elect.	4,300	199½	+½
Glaxo	1,200	810	-1
Globe Inv.	2,400	201	-1
Glynwed Int.	265	285	
Granada	315	280	
Grand Met.	1,700	680	-12
GUS A	49	1075	-5
GRE	568	247	+1
GKN	2,400	419	+4
Guinness	811	793	-2
Hammerson 'A'	298	706	-3
Hanson	4,700	243½	+½
Hanson Warrants	35	63	
Harrisons Crosfield	1,500	177	+1
Hawker Sidd.	76	668	+5
Hillsdown	1,300	283	-1
IMI	132	257	+2
ICI	1,300	1184	-10
Inchcape	278	393	+4
Kingfisher	1,200	386	-4
Ladbroke	1,300	341½	+2½
Land Securities	2,900	507½	+5½
Laporte	271	579	+5
Legal & General	333	419	+2
Lloyds Abbey	843	328	
Lloyds Bank	4,100	302	+5
LASMO	1,300	421	+8
Lonrho	571	255	+1
Lucas	2,100	183	+1
MB Group	1,000	209	-½

	Volume 000's	Closing Price	Day's change
MEPC	474	503	+2
Manpower	11	82	
Marks & Spencer	5,500	244	-1
Maxwell Comms.	8,400	185	-4
Mecca Leisure	1,200	84	
Midland Bank	1,400	395	-7
NatWest Bank	4,400	338	-5
Next	4,100	53½	+4½
North West Water	3,300	168	+3
Northern Foods	358	525	
Northumbrian Water	83	172	+2
Pearson	280	782	+6
P & O	1,500	659	+8
Pilkington	1,800	207	-4
Polly Peck Int.	1,200	436	-4
Prudential	2,700	225	+1
RHM	687	360	-5
RMC	295	707	+18
RTZ	1,100	575	+6
Racal	3,400	197	-4
Racal Telecom	254	343	-3
Rank Org.	375	865	+10
Reckitt & Colman	250	1311	-5
Redland	310	617	+1
Reed Intl.	770	472	+2
Reuters	646	1255	-12
Rolls Royce	10,000	217	
Rothmans	140	755	-5
Ryl Bk Scotland	1,200	179	-1
Royal Insurance	515	490	-6
STC	2,400	259	+3
Saatchi	775	83	
Sainsbury	1,600	292	
Scottish & New.	1,300	337	
Sears	2,600	103	+1
Sedgwick	1,100	248	
Severn Trent Water	880	144	
Shell Transport	2,500	467	+3
Siebe	1,800	520	+15

	Volume 000's	Closing Price	Day's change
Slough Ests	129	298	+3
Smith (W.H.) A	23	359	+1
Smith & Nephew	1,200	115½	+2
SmKl Beecham	742	544	-1
SmKl Beecham Units	36	2473	-10
Smiths Inds.	109	241	
South West Water	787	173	+5
Southern Water	141	149	+1
Standard Chartd.	265	475	-5
Storehouse	2,000	127	-1
Sun Alliance	1,000	337	+5
Sun Life	17	1293	
T&N	686	197	
TI Group	425	513	+7
TSB	5,600	142	+2
Tarmac	2,600	285	+1
Tate & Lyle	418	309	-1
Taylor Woodrow	374	300	+3
Tesco	4,000	227	+2
Thames Water	1,800	159	+1
THORN EMI	270	784	-2
Trafalgar House	3,700	327	-3
Trusthouse Forte	2,800	309	-1
Ultramar	4,300	341	+1
Unigate	352	308	-1
Unilever	720	705	+2
United Biscuits	2,100	357	-6
Utd. Newspapers	317	341	+3
Water Package Uts.	2	£1575	+10
Wellcome	539	621	-7
Welsh Water	40	169	+1
Wessex Water	111	164	-1
Whitbread 'A'	2,100	447	+4
Williams Hldgs.	1,600	289	+1
Willis Faber	186	250	-2
Wimpey	1,800	258	+3
Yorkshire Water	142	167	-2

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (88).
BRITISH FUNDS (2) BREWERS (2) BUILDINGS (11) CHEMICALS (5) STORES (3) ELECTRICALS (8) ENGINEERING (5) FOODS (2) HOTELS (1) INDUSTRIALS (24) Alfa-Laval B, Amer. Business Systems, BOC, Courtaulds, Darby, Eurocopy, Great Southern, Huntingdon Intl., Le Creuset, Portals, Portmeirion Potteries, Ramco Oil, Rank Org., Rockware, Ropner, Do. "A", Sanders & Sidney, Shanks & McEwan, Tollgate, Tomkins, Do. 5¼pc Cv. Pf., Do. 5.6pc Cv. Pf., Wassall, Wolseley, INSURANCE (3) LEISURE (1) NEWSPAPERS (2) TEXTILES (1) TRANSPORT (5) TRUSTS (12) OILS (1).
NEW LOWS (88).
AMERICANS (13) BANKS (1) BUILDINGS (1) STORES (3) ELECTRICALS (5) ENGINEERING (1) INDUSTRIALS (10) Aukett Assocs., BSG Intl., Beaverco, EFG, Lincat, Macarthy, Parkfield, Reliant, Spectrum, Stonehill, INSURANCE (3) LEISURE (1) MOTORS (2) PROPERTY (2) SOUTH AFRICANS (2) TRANSPORT (2) TRUSTS (7) OILS (4) MINES (8) THIRD MARKET (3).

LONDON SHARE SERVICE

BRITISH FUNDS

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
21⅞	13¼	Chase Manhattan $12½	13⅞	+⅛	$2.36	–	10.3
19¼	14	Chem. Banking Corpn.	14⅛	–⅛	$2.72	–	11.6
12½	8⅞	Chrysler $6¼	9⅞	–⅛	$1.20	–	7.9
18¼	12⅞	Citicorp $1	12⅞	–⅛	$1.78	–	8.3
39⅞	31⅛	Colgate-Palmolive $1	38⅞	+⅛	$1.48	–	2.3
[illegible]							

CANADIANS

[illegible]

Continued on next page

APPOINTMENTS

Swiss Bank senior posts

■ SWISS BANK CORPORATION has appointed Mr Clive Badcock as a managing director and head of the merchant banking group at its London office. He joins from Midland Montagu. Mr Simon Myers becomes a director and head of financial control from July 2. He was a partner responsible for the treasury and risk management group, with Coopers & Lybrand Deloitte.

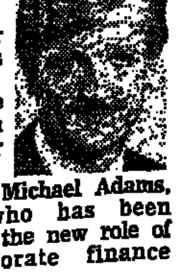
■ Mr Jonathon Fox has been appointed personnel director of ASDA STORES. Mr Tony Campbell, joint managing director, has handled this function since February 1989, when the then incumbent Mr Graham Stow was appointed chief executive. Mr Fox joins from the National & Provincial Building Society where he was director of group services and head of human resources.

■ TRENCHERWOOD, Newbury, has appointed to the main board Mr Terry Massingham, managing director of Trencherwood Homes.

■ Mr D. Clarke, chief accountant, BRITISH GAS eastern, has been appointed assistant to the managing director western regions, national transmission system and construction. Mr David Brooks has been made director of power generation from July 2. Currently regional deputy chairman of British Gas East Midlands, Mr Brooks has previously held director of engineering posts in two regions.

■ GEC AVERY, Smethwick, has appointed Mr Roger Haggerty as director of personnel. He joins from sister company GEC Meters where he was personnel director.

■ Following a management reshuffle, Mr Geoff Gillespie, former deputy chief executive of UDT, has been appointed managing director of HYUNDAI CAR DISTRIBUTORS (UK). He joined the parent company, I.M. Group, in March as deputy managing director of International Motors, the holding company for the group's automotive interests. He will retain this post. Mr Gillespie succeeds Mr Michael Adams, *(pictured)* who has been appointed to the new role of group corporate finance director.



■ Mr Peter J. Lawrence has been appointed a non-executive director of T.L. CLOWES & CO, Lloyd's broker.

■ Mr Anthony Pullinger will join the TAKEOVER PANEL as a joint secretary from October 1. *He was head of* UK corporate finance at Laing & Cruickshank.

SIB directors

■ Mr John Craven, chairman of Morgan Grenfell Group, and a member of the board of managing directors of the Deutsche Bank, has been appointed as a director of the SECURITIES AND INVESTMENTS BOARD, from August 1 for three years. Two members, whose terms expire at the end of July have been re-appointed. Mr Ralph Quartano as a deputy chairman for a further two years, and Dame Rachel Waterhouse as a director for the same period. Two members are retiring on July 31: Sir Mark Weinberg, a deputy chairman, and Mr Eddie Ray. Lord Runciman will succeed Sir Mark as a deputy chairman from August 1 for the remaining period of his term as a director, which runs to July 31 1992.

■ CAMPBELL LUTYENS HUDSON & CO, a corporate finance advisory company, has appointed Mr Bernard Kelly as its chairman and non-executive director. Mr Kelly, a solicitor, is a director of Barnes Group Inc and Phoenix Re in the US, chairman of First Equity Holdings and International Select Fund.

■ LINFORD BUILDING, Cannock, has appointed Mr John Foulds as commercial *director. He was chief* surveyor. Mr Brian James and Mr John Humphries have been promoted to contracts directors from senior contracts managers. Company architect Mr Ted Appleby-Towers has been promoted to director of design and build.

■ *COWIE INTERLEASING*, a vehicle contract hire operator, has appointed Mr Damian Watson as sales director of Cowie Interleasing North.

Mr Esme Howard *(pictured)* has been appointed chairman of the MINSTER INSURANCE GROUP, part of Group des Assurances Nationales. He remains chief executive, and succeeds Mr Donald Pearce. Mr John Tarrant has been appointed general manager of Minster's group services division.

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES & SPIRITS

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING, TIMBER, ROADS

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING, TIMBER, ROADS – Contd

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS – Contd

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING – Contd

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES, ETC

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS AND CATERERS

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.)

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.) – Contd

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.) – Contd.

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCES

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEISURE

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial Vehicles

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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MOTORS, AIRCRAFT TRADES — Contd

Components

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	453	.....	3.5	10.8	1.0	12.0
225	203	Airflow Streamlines	218	+1	6.0	3.9	3.7	9.3
190	145	Bostrom 5p	178	.....	5.75	3.1	4.3	8.1
266	191	Dowty 50p	221	−1	18.0	2.3	4.8	11.6
239	152	FR Group	165	+1	6.37	3.2	5.1	7.9
135	63	Clark-FR Hldgs. 10p	81	+1	2.4	1.7	4.0	20.4
174	142	Lucas Inds	163	+1	†6.25	3.0	5.1	7.4
16	6½	Spice 5p	7½	.....	‡p1.2	0.4	‡	53.7

Garages and Distributors

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
28	19	Alexanders 10p	24	.....	1.0	3.0	5.6	7.2
135	110	Appleyard 10p	115	.....	7.8	2.4	9.0	5.4
110	75	Bletchley Motor 20p	88	.....	7.5	1.9	12.5	5.7
568	489	Caffyns 50p	489	.....	11.5	♦	3.1	♦
121	98	Central Motor Auctns.	106	.....	3.25	3.0	4.1	10.7
61	26	Cook (D.C.) Hldgs.	40	+2	‡1.33	—	‡	—
89	33	Cowie (T.) 5p	60	+2	4.2	2.2	9.3	5.6
95	68	Dagenham Motors 10p	73	+1	5.25	2.8	9.6	5.0
98	81	Davenport Vernon 10p	91	.....	3.5	3.6	5.1	6.4
29	16	Equity & Gen 5p	20	.....	†1.5	1.7	10.0	(7.1)
247	169	Evans Halshaw	187	.....	11.25	2.4	8.0	6.8
113	85	Gates (F.G.)	103	−2	2.75	1.9	3.6	19.3
161	106	Gowrings 10p	112	−1	5.63	1.3	6.7	12.6
167	118	Hartwell	154	.....	3.6	♦	3.1	♦
81	60	Jacks Wm.	63	+2	2.0	1.0	4.2	31.6
118	80	Jessups	80	.....	7.0	2.5	11.7	4.5
181	74	Lancaster	180	.....	4.5	2.7	3.3	15.0
297	233	Lex Service	277	.....	15.3	2.6	7.4	7.0
147	98	Lookers	100	.....	6.2	3.9	8.4	4.0
43	31	Malaya Group 10p	35	.....	2.0	♦	7.6	♦
133	88	Pendragon	118	.....	W4.25	♦	4.8	♦
178	134	Perry Group	139	.....	9.0	2.1	8.6	7.3
133	110	Quicks Group 10p	123	−2	6.0	3.0	6.5	6.4
26½	16	Trimoco 10p	17	+1	1.4	2.4	11.0	4.9
£222	£147½	Do. 11½pc Ln '96	£147½	.....	Q11.5	—	7.8	—
83	68	Vardy (Reg) 10p	70	.....	u4.5	2.2	6.4	7.1

NEWSPAPERS, PUBLISHERS

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
93	58	Adscene	65	.....	6.0	1.5	12.3	7.4
253	183	BPP Hldgs 10p	253	.....	5.25	2.0	2.8	18.6
190	125	Barbour Index	155	.....	†b4.75	2.7	4.1	11.9
490	385	Black (A. & C.)	490	.....	13.0	2.3	3.5	15.8
1020	805	Blenheim Exhbts 5p	858	.....	†13.0	4.3	2.0	14.6
375	255	Bristol Eve. Post	260	.....	†10.5	1.9	5.4	13.0
£61	£45	Daily Mail 'A' 50p	£47	.....	†100.0	4.1	2.8	9.1
252	192	EMAP	233	.....	6.5	♦	3.7	♦
383	323	Euromoney Pubs. 1p	348	.....	†16.0	1.6	6.1	13.6
†175	75	EW Fact 5p	173	+7	†3.5	2.4	2.7	21.8

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY — Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST — Contd

INVESTMENT TRUST — Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS — Contd

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£22¼	£18¼	Hamilton Oil Corp.	£18½	−¼	Q10c	—	0.3	—
210	162	Hardy Oil & Gas 50p	178	+1	—	—	—	♦
138	120	Intl Pet Crpn.	125	+3	—	—	—	—
27	15½	KCA Drilling 1p	17	−1	—	—	—	♦
35	11½	Kelt Energy 10p	17	+½	—	—	—	—
60	18	Do. 6pc Cv Prf	24	+3	6%	—	33.3	—
148	111	Kingston Oil & Gas 50p	121	.....	a1.11	4.5	1.2	18.3
425	360	LASMO	421	+8	b7.5	1.6	2.4	30.7

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES — Contd

Miscellaneous

1990 High	Low	Stock	Price	+ or −
190	130	Anglesey Mining 9p	130	−5
110	50	Do. Warrants	50	−10
17	11¼	Anglo-Dominion	11¼	.....
651	289	Bond Intl. Gold	289	−7
37	15	Butte Mining 10p	18	+1

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1650 per annum for each security.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ¥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; # - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Touche Remnant Unit Tst Mngt Ltd – Contd.						
TR Income Growth	5¼	91.14	91.14	96.95	+0.28	4.73
TR Income Monthly	5¼	53.28	53.28	56.68	+0.12	6.78
TR Japan Growth	5¼	80.59	80.59xd	85.52	+0.64	0
TR Overseas Growth	5¼	67.62	67.62xd	72.11	....	0
TR Smaller Cos	5¼	78.60	78.60	83.61	+0.08	3.64
TR Special Ops	5¼	86.43	86.43	91.94	+0.12	4.28
TR Sign Eq Plan Acc	5¼	36.80	36.8	39.14	.....	2.95
TR Sign Eq Plan Inc	5¼	34.51	34.51	36.71	....	2.95
TR Wrldw Sp Sit Acc	5¼	39.43	39.43	42.11	-0.16	0
TR Wrldw Sp Sit Inc	5¼	39.39	39.39	42.07	-0.16	0
TR Pension Portfolio						
TR American Gwth ‡	6	28.95	29.34	31.10	(z)	0
TR Eur Sp Sits ‡	6	36.00	36.45	38.64	(z)	0
TR General Growth ‡	6	26.30	26.58	28.18	(z)	0
TR Global Tech ‡	6	30.02	30.42	32.24	(z)	0
TR Income Growth ‡	6	26.38	26.66	28.26	(z)	0
TR Japan Growth ‡	6	24.97	25.19	26.70	(z)	0
TR Mngd Equity ‡	6	28.02	28.32	30.02	(z)	0
TR Overseas Growth ‡	6	28.95	29.36	31.13	(z)	0
TR Smaller Cos ‡	6	18.52	18.72	19.84	(z)	0
TR Special Ops ‡	6	17.78	17.96	19.04	(z)	0
TR Stg Liquidity ‡	6	26.56	27.02	28.15	(z)	0
TR Wrldw Sp Sits ‡	6	32.16	32.64	34.60	(z)	0
Trades Union Unit Tst Mngrs (1200)H						
NLA Tower, Addiscombe Road, Croydon 081-686 4355						
TUUT	5	259.1	264.9	278.8	+3.3	3.10
Triton Fd Mngrs. Ltd. (1000)H						
Royal Ldn. Hse Colchester CO1 1RA 0206 764400						
Triton General	5¼	170.2	172.7	183.8	+1.30	3.32
Tyndall Unit Tst Mngrs Ltd (1600)F						
25 Bucklesbury, London EC4N 0800 373574						
Austral Value	5¼	40.16	40.16	42.58	-0.37	–
British Lion	5	90.24	90.24	95.67	+0.31	3.98
Accum Units	5	95.36	95.36	101.09	+0.32	3.98
Capital Defender	5	37.27	37.27	39.52	-0.07	13.05
Accum Units	5	42.56	42.56	45.13	-0.07	13.05

FT MANAGED FUNDS SERVICE

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Norwich Union Life Insurance Soc.—Contd.

Pensionmesion* & Unit-Linked Plan*

	Bid Price	Offer Price	+ or −	Yield Gross
Mixed Fund	405.5	426.8	−2.1	−
Ordinary Share Fund	604.3	636.1	−4.1	−
International Fund	167.7	176.5	−1.4	−
Property Fund	263.3	277.2	+0.4	−
Fixed Interest Fund	300.6	316.4	+3.1	−
Index-Linked Sec Fund	172.2	181.3	−0.4	−
Deposit Fund	227.1	239.1	+0.7	−
Norwich Units May 15	938.37		......	−

*Prices as at June 19

Jersey Investment Plan

	Bid Price	Offer Price	+ or −	Yield Gross
With Profits Fund	99.43	104.66	+0.03	−
Intl Equity Fund	93.25	98.16	−0.06	−
Intl Bond Fund	96.36	101.43	−0.43	−

Pearl Assurance (Unit Funds) Ltd

Thorpe Wood, Peterborough PE3 6SA 0733 63212

	Bid Price	Offer Price	+ or −	Yield Gross
Prop. Dist. (Gross)	169.1	178.1	......	−
Prop. Acc. (Gross)	289.4	304.7		−
Equity (Gross)	831.7	875.5	+12.0	−
Managed (Gross)	578.2	608.7	+5.3	−
Prop. Acc. (Net)	134.7	141.8	......	−
Equity (Net)	191.5	201.6	+2.6	−
Managed (Net)	176.0	185.3	+1.2	−
International (net)	167.2	176.0	+0.6	−
Gilt & Fxd Interest	105.7	111.3	−0.2	−
Money Fund	116.5	122.6	......	−

Pearl Assurance (Unit Linked Pens) Ltd

	Bid Price	Offer Price	+ or −	Yield Gross
Ret Man (Series 1)	582.9	613.6	+5.8	−
Ret Man (Series 2)	197.6	208.1	+2.0	−
Ret Man (Series 3)	131.8	131.8	+1.3	−
Ret Cash	156.2	164.4	......	−
Ret Cash (Series 3)	129.7	129.7	+0.1	−

Pegasus Assurance Ltd

Broad Quay, Bristol BS1 4DJ 0272 230271

Life Funds

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Aggressive	104.3	109.8	−0.2	−
Managed Balanced	98.0	103.2	−0.1	−
Managed Cautious	94.9	99.9	+0.1	−

Prudential Assurance Co

Holborn Bars, London EC1N 2NH 071-405 9222

Prufund

	Bid Price	Offer Price	+ or −	Yield Gross
Managed June 20	249.6	260.0	......	−

Prudential Holborn Life Ltd

30 Old Burlington St, London W1X 1LB 071-439 3134

Holborn Series I Life Funds

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	561.3	590.9	+4.4	−
Equity	1156.3	1217.2	+14.2	−
Fixed Interest	380.8	400.9	−0.8	−
Property	433.1	455.9	......	−
Cash	288.0	303.2	......	−
International	390.4	411.0	+1.4	−

Holborn Series II Life Funds

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	548.8	577.7	+4.4	−
Equity	1127.4	1186.8	+13.8	−
International	381.8	401.9	+1.4	−
Fixed Intl.	370.0	389.5	−0.7	−
Property	420.9	443.1	......	−
Cash	280.2	295.0	+0.2	−
Pacific Basin	201.4	212.0	+2.9	−
North American	148.3	156.2	−1.1	−
European	191.6	201.7	+0.3	−
Holborn Balanced Gwth	115.3	121.4	+0.3	−
Holborn Strategic Gwth	115.6	121.7	+0.3	−

Prudential Holborn Pensions Ltd

30 Old Burlington St, London W1X 1LB 071-439 3134

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	586.3	617.2	+4.6	−
Equity	862.3	907.7	+12.2	−
Global Equity	241.3	254.1	+0.5	−
Fixed Interest	411.3	433.0	−0.8	−
Property	433.0	455.8	......	−
Cash	179.7	189.2	+0.1	−
Index Linked Gilt	208.2	219.2	+0.1	−
Guaranteed	14.12		......	−
International Money	211.0	222.2	−0.3	−
North American	72.4	76.3	−0.8	−
Japanese	121.7	128.2	+1.4	−
European	113.4	119.4	+0.2	−
Special Situations	120.8	127.2	+0.5	−

OFFSHORE AND OVERSEAS

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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OFFSHORE INSURANCES

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls on Bush remarks

THE US DOLLAR fell yesterday to a 16-month low against sterling after President George Bush said that "tax revenue increases" would have to be part of any budget deficit reduction package. Although Mr Bush did not say taxes would be raised, the markets moved on that interpretation. Investors sold dollars on the assumption that a reduction in the budget deficit could lead to a cut in interest rates.

The currency markets were initially uncertain how to react but eventually they followed the stock and bond markets in believing that possible tax cuts could lead to lower rates. The dollar continued to weaken after London closed.

But many analysts treated the market's reaction with caution. Mr Robin Aspinall, director of currency economics at Hoare Govett, said traders had been looking for an excuse to sell the dollar. "It's been struggling recently to hold at the higher levels and had been due for a fall."

Mr George Magnus, chief international economist at Warburg Securities, said: "Does Mr Bush mean higher taxes or more efficient tax collection? Whatever the answer, the changes will be a long way off and the impact on rates will be even further out."

But analysts added that uncertainty about the outlook for US monetary policy could make the market nervous to drive the dollar sharply lower. Recent economic data has suggested slower economic growth but the Federal Reserve could leave rates unchanged in order to avoid a resurgence of inflationary pressures. The dollar closed lower at DM1.6715 from DM1.6780; at SFr1.4050 from SFr1.4095; at Y155.15 from Y155.35; and at FFr5.6075 from FFr5.6325. The dollar's index, calculated by the Bank of England, fell 0.1 point to 67.4.

The dollar's weakness helped bolster the D-Mark, which had fallen at one stage to the bottom of the European Monetary System currency grid. The uncertainty over the implications of German monetary union, which begins next week, made traders nervous. The D-Mark strengthened to Y92.85 from Y92.50 and by the London close it had moved off the bottom of the EMS grid.

Sterling continued to be supported by high interest rates, although there were signs that its recent rally may be drawing to a close. Despite its gains against the dollar, sterling struggled to hold above DM2.91 and eventually fell back to close lower on the day. Sterling closed lower at DM2.9000 from DM2.9025; and at FFr9.7325 from FFr9.7475. But it firmed to $1.7355 from $1.7305, its highest close since 28 February, 1989; and to Y269.25 from Y268.75; and was unchanged at SFr2.4400. Sterling's index was up 0.3 point at 91.5.

The Canadian dollar continued to be supported by high interest rates despite worries about political instability after the collapse of the Meech Lake constitutional accord. The US dollar fell to 1.1729 Canadian dollars from 1.1780.

£ IN NEW YORK

June 26	Latest	Previous Close
£ Spot	1.7360-1.7370	1.7305-1.7315
1 month	0.99-0.98pm	0.92-0.91pm
3 months	2.72-2.70pm	2.70-2.68pm
12 months	9.03-8.97pm	9.00-8.90pm.

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	June 26	Previous
8.30 am	91.2	91.1
9.00 am	91.2	91.1
10.00 am	91.2	91.1
11.00 am	91.4	91.3
Noon	91.4	91.3
1.00 pm	91.4	91.4
2.00 pm	91.3	91.2
3.00 pm	91.4	91.2
4.00 pm	91.5	91.2

CURRENCY RATES

June 26	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	-	0.760318	0.709579
U.S Dollar	7	1.31611	1.22935
Canadian $	13.32	1.55183	1.44276
Austrian Sch.	6½	15.5446	14.5247
Belgian Franc	10¼	45.2906	42.3356
Danish Krone	10½	8.39941	7.84876
Deutsche Mark	6.00	2.20843	2.06469
Neth.Guilder	7.00	2.48350	2.32322
French Franc	10¼	7.41299	6.92490
Italian Lira	13½	1618.20	1511.17
Japanese Yen	5¼	204.787	190.436
Norway Krone	8	8.49286	7.92190
Spanish Peseta	-	135.962	126.758
Swedish Krona	11	8.00063	7.46090
Swiss Franc	6.00	1.85506	1.73584
Greek Drach.	20½	216.000	201.932
Irish Punt	-	0.823673	0.769592

† European Commission Calculations.
* All SDR rates are for June 25

CURRENCY MOVEMENTS

June 26	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.5	-20.9
U.S Dollar	67.4	-10.5
Canadian Dollar	103.7	+0.2
Austrian Schilling	109.4	+11.3
Belgian Franc	111.4	-2.2
Danish Krone	110.3	+4.6
Deutsche Mark	117.8	+23.7
Swiss Franc	114.4	+23.1
Guilder	114.0	+15.7
French Franc	104.3	-12.4
Lira	101.1	-18.4
Yen	119.2	+47.5

Morgan Guaranty changes: average 1980-1982=100 Bank of England Index (Base Average 1985=100) **Rates are for June 25.

OTHER CURRENCIES

June 26	£	$
Argentina	8653.15-8690.35	4990.00-5010.00
Australia	2.2055-2.2075	1.2725-1.2735
Brazil	95.3755-96.4440	55.0000-55.6000
Finland	6.8345-6.8475	3.9480-3.9510
Greece	282.15-286.65	163.05-165.75
Hong Kong	13.4835-13.4965	7.7645-7.7865
Iran	121.00*	69.50*
Korea(Sth)	1229.10-1248.90	714.00-719.60
Kuwait	0.50570-0.50660	0.29280-0.29320
Luxembourg	59.55-59.65	34.25-34.35
Malaysia	4.6940-4.7055	2.7100-2.7120
Mexico	4950.55-4955.15	2855.00-2865.00
N Zealand	2.9480-2.9525	1.7005-1.7025
Saudi Ar.	6.4755-6.4810	3.7495-3.7505
Singapore	3.1910-3.1985	1.8430-1.8450
S Af (Cm)	4.6135-4.6250	2.6640-2.6655
S Af (Fn)	6.8945-7.0350	3.9760-4.0570
Taiwan	46.80-47.45	27.40-27.45
U.A.E.	6.3405-6.3480	3.6715-3.6735

*Selling rate

EURO-CURRENCY INTEREST RATES

Jun 26	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅝-14¾	15-14¾	14⅝-14¾	14⅞-14⅞	14¾-14⅝	14⅝-14½
US Dollar	8¼-8⅛	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅝-8½
Can. Dollar	12¾-12½	13¼-12¾	13¼-13	13¼-13⅛	13¼-13⅛	13⅛-12⅞
D. Guilder	8-7¾	8-7¾	8⅛-7⅞	8¼-8⅛	8⅜-8¼	8⅝-8½
Sw. Franc	9¼-8¾	9¼-8¾	8⅞-8¾	8⅞-8¾	8⅞-8¾	8⅞-8¾
Deutschmark	7⅞-7¾	7⅞-7¾	8-7⅞	8⅛-8	8¼-8⅛	8⅝-8½
Fr. Franc	9⅝-9⅜	9⅝-9⅜	9⅝-9⅜	10-9⅞	10⅛-10	10⅜-10¼
Italian Lira	13-11	11-10	11½-11¼	11¼-10¾	11¼-11	11½-11¼
Belgian Franc	13-11	10¼-10	10-9⅞	9⅞-9¾	9⅞-9¾	9⅞-9¾
Yen	7⅛-7⅛	7¼-7⅛	7¼-7⅛	7¼-7⅛	7⅜-7¼	7⅝-7½
D.Krone	10⅛-10⅝	10⅛-10¼	10⅛-10½	10⅛-10¼	10⅛-10¼	10½-10⅜
Asian $Sing	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅜-8¼

Long term Eurodollars: two years 8⅞-8¾ per cent; three years 9-8⅞ per cent; four years 9⅛-9 per cent; five years 9¼-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

June 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7275-1.7375	1.7350-1.7360	0.98-0.96cpm	6.71	2.71-2.68pm	6.21
Canada	2.0255-2.0395	2.0345-2.0355	0.26-0.17cpm	1.27	0.61-0.48pm	1.07
Netherlands	3.26¼-3.28	3.26½-3.27½	2-1⅞cpm	7.11	5¼-5⅛pm	6.35
Belgium	59.45-59.90	59.45-59.55	29-22cpm	5.14	82-66pm	4.97
Denmark	11.05¼-11.11	11.06¼-11.07¼	4⅛-3⅞orepm	4.74	12-11pm	4.15
Ireland	1.0785-1.0860	1.0815-1.0825	0.45-0.40ppm	4.71	1.25-1.15pm	4.44
W. Germany	2.89¾-2.91½	2.89¾-2.90¼	1¼-1⅛pfpm	6.98	4⅜-4⅛pm	6.47
Portugal	254.05-256.20	255.15-256.15	33-13cpm	1.08	2-32dis	-0.27
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.16-5.11cpm 12 month 9.00-8.90cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

June 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7275-1.7375	1.7350-1.7360	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	6.37¾-6.40	6.37¾-6.38¼	1.15-1.35oredis	-2.35	3.15-3.65dis	-2.13
W. Germany	1.6675-1.6825	1.6710-1.6720	0.06-0.04pfpm	0.36	0.09-0.07pm	0.19
Portugal	147.25-147.60	147.50-147.60	30-60cdis	-3.66	160-220dis	-5.15
Spain	102.95-103.35	103.00-103.10	54-61cdis	-6.64	154-167dis	-6.23
Italy	1219½-1231	1223½-1224	2.60-3.10liredis	-2.79	8.30-9.00dis	-2.83
Norway	6.42½-6.45¾	6.42½-6.43	1.45-1.70oredis	-2.94	4.55-4.95dis	-5.38
France	5.60-5.64½	5.60½-5.61	0.71-0.76cdis	-1.57	2.22-2.32dis	-1.62
Sweden	6.04½-6.07¾	6.05½-6.06	1.89-2.04cdis	-3.89	5.75-6.10dis	-3.91
Japan	154.75-155.35	155.10-155.20	0.14-0.12ypm	1.01	0.38-0.35pm	0.94
Austria	11.80¼-11.83½	11.80½-11.81	0.20-0.60grodis	-0.41	0.40-1.50dis	-0.32
Switzerland	1.4045-1.4165	1.4045-1.4055	0.07-0.09cdis	-0.68	0.16-0.20dis	-0.51
ECU	1.2270-1.2360	1.2340-1.2350	0.17-0.16cpm	1.60	0.54-0.52pm	1.72

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.3356	+0.40	+0.21	±1.5508
Danish Krone	7.79845	7.84876	+0.65	-0.47	±1.6453
German D-Mark	2.04446	2.06469	+0.99	+0.81	±1.1762
French Franc	6.85684	6.92490	+0.99	+0.81	±1.3618
Dutch Guilder	2.30358	2.32322	+0.85	+0.66	±1.5272
Irish Punt	0.763159	0.769592	+0.84	+0.65	±1.6689
Italian Lira	1529.70	1511.17	-1.21	-1.40	±1.5162
Spanish Peseta	132.889	126.758	-4.61	-4.61	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency
Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 26	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.736	2.900	269.3	9.733	2.440	3.270	2124	2.035	59.50
$	0.576	1	1.671	155.1	5.607	1.406	1.884	1224	1.172	34.27
DM	0.345	0.599	1	92.86	3.356	0.841	1.128	732.4	0.702	20.52
YEN	3.713	6.446	10.77	1000	36.14	9.061	12.14	7887	7.557	220.9
F Fr.	1.027	1.784	2.980	276.7	10	2.507	3.360	2182	2.091	61.13
S Fr.	0.410	0.711	1.189	110.4	3.989	1	1.340	870.5	0.834	24.39
H Fl.	0.306	0.531	0.887	82.35	2.976	0.746	1	649.5	0.622	18.20
Lira	0.471	0.817	1.365	126.8	4.582	1.149	1.540	1000.	0.958	28.01
C $	0.491	0.853	1.425	132.3	4.783	1.199	1.607	1044	1	29.24
B Fr.	1.681	2.918	4.874	452.6	16.36	4.101	5.496	3570	3.420	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS [illegible]

LIFFE BUND FUTURES OPTIONS [illegible]

LIFFE EUROMARK OPTIONS [illegible]

LIFFE EURODOLLAR OPTIONS [illegible]

LIFFE SHORT STERLING OPTIONS [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT [illegible]

US TREASURY BONDS 8% [illegible]

6% NOTIONAL GERMAN GOVT. BOND [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND [illegible]

THREE MONTH STERLING [illegible]

THREE MONTH EURODOLLAR [illegible]

THREE MONTH EUROMARK [illegible]

THREE MONTH ECU [illegible]

FT-SE 100 INDEX [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% [illegible]

U.S. TREASURY BILLS (IMM) [illegible]

SWISS FRANC (IMM) [illegible]

JAPANESE YEN (IMM) [illegible]

DEUTSCHE MARK (IMM) [illegible]

THREE-MONTH EURODOLLAR (IMM) [illegible]

STANDARD & POORS 500 INDEX [illegible]

PHILADELPHIA SE £/$ OPTIONS [illegible]

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES [illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF) [illegible]

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open Int
September	90.02	90.09	+0.05	90.11	90.02	9.90	11,540
December	89.99	90.08	+0.07	90.09	89.99	9.92	4,226
March	90.01	90.09	+0.06	90.10	90.01	9.91	1,067
June	90.02	90.02	-0.01	90.02	90.02	9.99	57

Estimated volume 6,098 Total Open Interest 16,890

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int
June	2038.0	2060.0	+25.5	2060.0	2036.0	3,750
July	2038.0	2058.0	+26.5	2058.0	2035.0	3,813
August	2048.0	2060.0	+18.5	2060.0	2048.0	290
September	-	-	-	-	-	10

Estimated volume 5,659 Total Open Interest 7,863

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7355	1.7258	1.7086	1.6842	1.6460

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.7084	1.7096	1.7058	1.7042
Dec	1.6834	1.6838	1.6820	1.6794

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe G'rantee	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15½
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. of London Plc	15	Mount Banking	15		
Co-operative Bank	*16	Nat. Bk. of Kuwait	15		

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Saverise 8.5%. Top Tier-£50,000+ instant access 13.7% ‡ Mortgage base rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%

MONEY MARKETS

UK rates soften

UK money market rates were slightly softer yesterday as sterling continued to be buoyed by high interest rates. The key three-month interbank rate was quoted at 14 13/16-14¾ per cent from 14 15/16-14 13/16, while one-year money eased to 14 11/16-14 9/16 from 14¾-14⅝.

In the futures market prices were unchanged to firmer and stuck in extremely narrow ranges. Turnover was low as investors lacked incentives to take fresh positions. The September short sterling contract was unchanged at 85.48, while December rose 4 to 86.33.

UK clearing bank base lending rate 15 per cent from October 5

In its daily credit market operations the Bank of England initially forecast a shortage of £550m, which it revised to £450m at noon and finally to £400m during the afternoon. Total help of £330m was given to the market.

During the morning the Bank bought £119m, of which £57m were band 1 bank bills at 14⅞ per cent. In band 2 at 14¾ per cent it bought £1m of local authority bills and £61m of bank bills. After lunch the Bank bought £141m of bank bills. In band 1 it purchased £126m at 14⅞ per cent and in band 2 £15m at 14¾. Finally, late assistance of £70m was provided.

Of the factors causing the shortage, bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills were forecast to drain £689m, a rise in the note circulation £5m, while bankers' balances were £95m below target. But this was partly offset by Exchequer transactions, which were estimated to have added £240m.

In Frankfurt call money rates hardened slightly as liquidity was drained by end of month tax payments. Call money was quoted at 7.90-7.95 per cent from 7.80-7.90. However, the Bundesbank's injection of short-term liquidity earlier in the week prevented call money from rising to the 8.0 per cent emergency rate. Mr Larry Anderson, executive director of Deutsche Bank Capital Markets, said the recent rise in call money rates was due to technical factors and had no policy significance. But he forecast that rates could be volatile next week as East German banks are integrated into the banking system.

In New York the Federal Reserve, as expected, added $1.5bn in liquidity using customer repurchase agreements. At the time of the operations Federal Funds were 1/16 point higher at 8 5/16 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 26) 3 months US dollars		6 months US Dollars	
bid 8¼	offer 8⅜	bid 8 5/16	offer 8 7/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9¼
Fed funds	8 5/16
Fed. funds at intervention	-

Treasury Bills and Bonds

One month	7.00	Three year	8.43
Two month	7.13	Four year	8.49
Three month	8.07	Five year	8.45
Six month	8.10	Seven year	8.54
One year	8.14	10-year	8.52
Two year	8.39	30-year	8.49

June 26	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.85-7.95	7.80-7.95	8.00-8.15	8.15-8.30	8.40-8.55	8.00
Paris	9 11/16-9 13/16	9¾-9⅞	-	9 15/16-10 1/16	-	9.50
Zurich	8⅛-8⅜	8¾-9	-	8¾-9	-	-
Amsterdam	7.70-7.80	7.98-8.05	-	8.18-8.28	-	-
Tokyo	7 11/16-7 13/16	7 11/16-7 13/16	-	7 11/16-7 13/16	-	-
Milan	11⅛-11⅜	11-11¼	-	11⅛-10⅞	-	-
Brussels	8.50	9 3/16-9 11/16	-	9 5/16-9 11/16	-	-
Dublin	10¼-10½	10¼-10½	10¼-10½	10¼-10½	10¼-10½	-

LONDON MONEY RATES

Jun 26	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15¼	15	15	15	14 13/16	14 11/16
Interbank Bid	14½	14⅞	14⅞	14⅞	14 11/16	14 9/16
Sterling CDs.	-	-	14 13/16	14⅞	14 11/16	14½
Local Authority Deps.	15	15	14⅞	14⅞	14¾	14⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15	14⅞	14 15/16	14½	-	-
Company Deposits	-	-	14 15/16	14 13/16	14 13/16	14⅝
Finance House Deposits	-	-	14 13/16	15	14 13/16	14⅝
Treasury Bills (Buy)	-	-	14 13/16	14⅝	-	-
Bank Bills (Buy)	-	-	14⅝	14 11/16	13 15/16	-
Fine Trade Bills (Buy)	-	-	15¼	14 13/16	14 13/16	-
Dollar CDs.	-	-	8.25	8.27	8.35	8.52
SDR Linked Dep. Offer	-	-	8⅞	9	9⅜	9⅜
SDR Linked Dep. Bid	-	-	8¾	8⅞	9¼	9¼
ECU Linked Dep. Offer	-	-	9 13/16	10 1/16	10⅜	10½
ECU Linked Dep. Bid	-	-	9 11/16	9 15/16	10 3/16	10⅜

Treasury Bills (sell); one-month 14 9/32 per cent; three months 14 5/32 per cent; Bank Bills (sell); one-month 14 17/32 per cent; three months 14 9/32 per cent; Treasury Bills; Average tender rate of discount 14.3152 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 31, 1990. Agreed rates for period June 26,1990 to July 24, 1990, Scheme I: 15.91 p.c., Schemes II & III: 16.44 p.c. Reference rate for period May 1,1990 to May 31, 1990, Scheme IV&V: 15.201 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from June 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989, Deposits withdrawn for cash 5 per cent.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

Re: CS FIRST BOSTON GLOBAL FUND MANAGERS LIMITED (formerly Credit Suisse First Boston Asset Management Limited)
and
Re: THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 13th November 1989 confirming the reduction of the capital of the above-named Company and the Minute approved by the Court showing with respect to the capital as altered the several Particulars required by the above-mentioned Act were registered by the Registrar of Companies on the 4th April 1990.

Dated 31st May 1990

CS First Boston Global Fund Managers Limited

DAVINA HEALTH & FITNESS LIMITED

Registered No: 2055110
Trading name: Davina Health & Fitness Limited
Trade classification: 04
Name and address of joint administrative receivers:
David John Stokes and
Michael Joseph Moore
Cork Gully
1 East Parade
Sheffield
S1 2ET
Office holder numbers 2682 and 5582
Date of appointment: 15 June 1990
Name of appointer: Yorkshire Bank PLC

PROPERTY

JOTTER PAD

CROSSWORD

No.7,274 Set by DANTE

ACROSS
1 Rift created by a broken promise? (6)
4 Free with money (6)
8 Showed politeness to a lady, but not to your girl-friend (5,2)
9 Children's playthings? (7)
11 Important question of the elder offspring? (5,5)
12 People go crazy running it (4)
13 Material that's light to put on (5)
14 Growth of conciliation rejected by workers – a bad sign (4,4)
16 Believe Bill has surplus wealth (8)
18 Liberated males may make them (5)
20 Girl I object about (4)
21 Cold food eaten like a baby (10)
23 Kenneth comes in to work in the garden for a few days (4-3)
24 Made provisional arrangements (7)
25 He is unusually tense about mid-afternoon (6)
26 Tenant the French understand (6)

DOWN
1 Article on the two prime ministers of S. Africa (5)
2 Firm in money management? (7)
3 Warned about education! (9)
5 Left in a unit entirely without support? (5)
6 Parson crazed with love for a highly vocal female (7)
7 Markets in which you see some strange animals (9)
10 Confirm when definite (9)
13 Scattered once and never to get together again (9)
15 I'm to intercede without delay (9)
17 Blackfoot, for example, strange though it may seem (7)
19 Rawness can produce the wrong ones (7)
21 Figures it's only one among hundreds (5)
22 A Belgian town is the subject (5)

Solution to Puzzle No.7,273

SCOTCH WOODCOCK
CREATE PUPPYFAT
LOPSIDED STARVE
SNAP COMPOSE
STENTOR MIST
AMAZON UNTHREAD
BARONAGE ESKIMO
ROWDYISM LYCEES

WORLD STOCK MARKETS

CANADA

TORONTO
2pm prices June 26

r – No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	June 26	June 25	June 22	June 21	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2842.33	2845.05	2857.18	2901.73	2935.89 (15/6)	2543.24 (30/1)	2935.89 (15/6/90)	41.22 (2/7/32)
Home Bonds	90.69	90.72	90.91	90.69	93.04 (3/1)	88.48 (2/5)	—	—
Transport	1135.77	1147.81	1164.23	1176.64	1212.77 (6/6)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	206.93	206.87	208.19	209.19	236.23 (2/1)	203.09 (30/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2882.92 (2882.18) Low 2832.67 (2835.15)

STANDARD AND POOR'S	June 26	June 25	June 22	June 21	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	352.06	352.31	355.43	360.47	367.40 (4/6)	322.98 (30/1)	367.40 (4/6/90)	4.40 (1/6/32)
Industrials	413.35	413.73	417.21	423.07	428.34 (4/6)	371.92 (30/1)	428.34 (4/6/90)	3.62 (21/6/32)
Financial	28.47	28.52	28.88	29.22	31.87 (3/1)	26.59 (27/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	192.47	192.60	194.24	196.49	200.21 (4/6)	178.43 (30/1)	200.21 (4/6/90)	4.46 (25/4/42)
Amex Mkt. Value	356.80	357.39	359.28	360.22	382.45 (5/1)	342.64 (24/4)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	455.38	455.64	459.33	461.27	468.86 (13/6)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	June 22	June 15	June 8	year ago (approx.)
Dow Industrial Div. Yield	3.77	3.67	3.71	3.57

	June 20	June 13	June 6	year ago (approx.)
S & P Industrial div. yield	2.93	2.90	2.91	3.17
S & P Indl. P/E ratio	16.87	17.07	17.01	12.91

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Caterpillar	4,912,600	52½	- 6
Philip Morris	2,537,000	46⅞	+ ¼
Utd Telecomms	1,940,200	37⅞	- ⅛
Comm Edison	1,635,900	32½	— .....
Dow Chemicals	1,281,000	57⅛	- 1½
IBM	1,254,400	116¼	+ ¼
Armco	1,244,700	7⅝	+ ¼
Am Express	1,215,600	30⅛	- ⅛
Transco Energy	1,202,300	3½	— .....
Gen Motors	1,199,300	46⅞	- 1

TRADING ACTIVITY

† Volume Millions	June 26	June 25	June 22
New York	142.742	134.469	172.570
Amex	9.411	10.046	15.588
NASDAQ	(u)	113.559	167.538
Issues Traded	1,976	1,996	2,009
Rises	689	484	600
Falls	773	1,018	900
Unchanged	514	494	509
New Highs	26	18	57
New Lows	57	55	32

CANADA

TORONTO	June 26	June 25	June 22	June 21	1990 HIGH	1990 LOW
Metals & Minerals	3134.80	3128.60	3159.10	3206.90	3453.05 (4/1)	2850.80 (23/4)
Composite	3495.20	3474.20	3490.80	3526.30	4009.47 (3/1)	3334.20 (1/5)
MONTREAL Portfolio	1804.61	1082.65	1802.65	1825.02	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	June 26	June 25	June 22	June 21	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1515.1	1512.8	1512.5	1505.4	1713.7 (12/1)	1434.5 (30/4)
All Mining (1/1/80)	723.1	723.1	725.8	725.6	860.8 (5/1)	715.3 (1/5)
AUSTRIA						
Credit Aktien (30/12/64)	613.21	604.12	588.28	570.82	703.29 (19/3)	536.59 (2/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	6250.27	6255.71	6281.67	6263.36	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	379.35	380.94	381.36	380.94	382.50 (15/6)	352.96 (25/4)
FINLAND						
Unitas General (1975)	556.3	564.7	(c)	563.4	677.3 (23/1)	556.3 (26/6)
FRANCE						
CAC General (31/12/82)	544.52	542.94	542.79	538.93	564.62 (30/5)	482.94 (26/2)
CAC 40 (31/12/87)	2053.40	2040.08	2031.73	2007.98	2129.32 (20/4)	1800.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	797.45	794.91	791.73	786.78	830.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	2302.3	2294.8	2286.2	2270.6	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1890.36	1896.21	1872.92	1863.57	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3292.35	3276.44	3250.44	3246.21	3292.35 (26/6)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1694.47	1694.89	1698.24	1701.97	1893.10 (22/1)	1582.61 (2/5)
ITALY						
Banca Com. Ital. (1972)	747.29	745.69	746.03	748.02	763.52 (14/6)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	31571.77	31124.19	31694.57	32087.27	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2323.35	2301.02	2341.06	2361.56	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	4111.58	4088.26	4135.42	4151.73	4224.68 (9/2)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	583.95	580.61	579.64	577.42	622.20 (20/2)	518.53 (2/5)
NETHERLANDS						
CBS Ttl Rtn.Gen (End 1983)	267.5	266.6	266.7	265.8	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	199.3	198.7	198.7	198.0	206.3 (3/1)	194.2 (26/2)
NORWAY						
Oslo SE (Ind) (2/1/83)	818.39	824.35	824.96	827.06	859.05 (5/6)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	985.30	918.93	945.58	927.70	1160.70 (21/3)	740.31 (6/6)
SINGAPORE						
SES All-Singapore (2/4/75)	430.62	429.57	431.00	430.89	443.34 (6/2)	401.34 (30/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1440.04	1442.0	1350.0	1357.0	2230.0 (16/1)	1322.0 (20/6)
JSE Industrial (28/9/78)	2942.04	2921.0	2918.0	2924.0	3211.0 (6/2)	2794.0 (25/5)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	736.42	739.80	747.37	743.17	928.82 (4/1)	688.66 (30/4)
SPAIN						
Madrid SE (30/12/85)	292.30	290.76	289.30	286.81	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affärsvärlden Gen (1/2/37)	1287.8	1280.7	(c)	(u)	1317.88 (12/1)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	822.7	823.2	(u)	814.5	825.1 (5/6)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	5294.12	5568.55	5452.74	5500.40	12495.34 (10/2)	5294.12 (26/6)
THAILAND						
Bangkok SET (30/4/75)	1037.38	1032.54	1008.71	998.33	1037.38 (26/6)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	509.3	513.8	516.8	571.0 (4/1)	468.3 (2/4)

**Saturday June 23. Taiwan Weighted Price: (c). Korea Comp Ex. 747.12
‡ Subject to official recalculation
Apr6 Base values of all Indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Tuesday June 26 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	10.6m	565	+14	Nippon Mining	4.9m	907	+36
MHI	9.8m	1,000	+10	Kawasaki Steel	4.8m	563	+13
NKK	8.7m	601	+8	Alps Electric	4.7m	2,370	+80
Citizen Watch	9.4m	1,150	+90	Fuji Electric	4.6m	975	-5
Hitachi	5.9m	1,500	+30	Honshu Paper	4.2m	2,560	0

4pm prices June 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
37½	19	AAR	.48	2.2	13	806	21⅞	20⅝	21½	+ ⅞
9¼	8	ACM n	1.01	12.		101	8¾	8⅝	8⅝	
11⅝	9⅞	ACMIn	1.26	12.		937	10⅜	10¼	10¼	
8⅛	7¼	ACM M n	1.01	13.		290	7⅞	7⅞	7¾	- ⅛
12⅛	10	ACMMM				98	10⅞	10⅝	10⅞	+ ⅛
11½	9⅞	ACM Sc	1.26	12.		761	10⅛	10	10⅛	+ ⅛
9⅞	8⅛	ACMSp	1.01	12.		1037	8⅞	8¼	8⅞	
24⅝	14⅞	AL Lab	.16	.7	30	89	23	22½	22½	- ½
6⅛	2⅛	AM Intl				288	2½	2⅜	2⅜	- ⅛
23⅛	10¼	AM In pf	2	16		16	12⅝	12⅝	12⅝	+ ⅛
107¼	52½	AMR			12	2396	64¼	62⅞	62⅞	- ½
28½	25	ANR pf	2.67	11.		3	25¼	25⅛	25⅛	- ⅜
4⅝	3	ARX				24	3⅞	3½	3⅞	
72¾	40⅛	ASA	3a	6.7		344	45	44⅞	44½	- ¾
41	28¾	AbtLab	s.84	2.1	20	3913	40⅞	40⅛	40¼	+ ¼
12⅛	8	AcmeC	.40	5.0	9	173	8¼	8	8	- ⅛
9⅛	7⅞	AcmeE	.32	3.8	10	14	8⅜	8¼	8⅜	
41⅞	28⅞	Acuson			22	159	37⅞	37⅝	37⅝	
16½	13¼	AdaEx	2.08e	13.		122	16⅛	16	16	
15⅝	9¾	Adobe				550	11⅝	11½	11⅝	- ¼
20¼	17¾	Adob pf	1.84	9.5		12	19⅜	19⅜	19⅜	
21⅞	20⅛	Adob pf	2.40	12.		22	20⅝	20½	20½	- ¼
11⅝	6⅞	AMD			19	1653	9⅛	8⅞	8⅞	- ¼
33½	28¼	AMD pf	3	9.4		1	32	32	32	
10⅛	4⅛	Advest	.16	3.7	55	210	4½	4⅜	4⅜	
62½	45⅛	AetnLf	2.76	5.3	9	1399	52	51⅞	51⅝	+ ½
13⅞	9¼	AlliPb	.24	2.3		163	10⅜	10½	10½	- ¼
25	16⅛	Ahmans	.88	4.5	9	1978	19⅝	19	19½	+ ⅞
3⅞	1⅞	Aileen				205	2⅜	2½	2½	- ¼
58	40	AirPrd	1.44	2.6	14	619	55½	55	55¼	+ ½
24¼	13¾	AirFrt s			15	424	23⅛	22⅞	22⅞	+ ⅛

Continued on Page 37

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
14⅝	7¼	WyleLb	.28	2.1	14	1032	13⅝	13¼	13½	
27½	18	Wynns	.60	2.9	13	20	21½	20⅞	20⅞	−⅞
		−X−Y−Z−								
68½	45⅞	Xerox	3	6.4	8	1670	47⅞	47	47	
34	21¾	XTRA	.48a	2.0		289	24	23¾	24	
27⅝	18⅞	XTRA pf1.94		9.7		10	20	20	20	−⅛
4¼	1⅞	Zapata				1091	2	1⅞	1⅞	−⅛
⅝	⅛	Zemex rt				4	⅛	⅛	⅛	
19⅞	7⅞	ZenithE				685	8⅛	8⅛	8¼	+⅛
21½	13½	ZenNtl	.88	5.9	9	14	15	15	15	
9¾	5⅝	Zenix	.80	15.		298	5⅞	5¾	5⅞	
18½	12⅞	Zero s	.40	2.8	14	242	14⅝	14⅛	14⅛	
49	34	Zurmin	.76	1.6	21	321	47⅞	46⅞	46⅞	−⅞
12⅝	10⅝	Zweig	1.21e	11.		500	11½	11¼	11⅝	
10	9	ZweigTl	.98	10.		1367	9⅝	9⅛	9⅝	

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices June 26

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

NASDAQ NATIONAL MARKET

3pm prices June 26

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						
WiserO	.40	24 27	18⅛	18⅛	18⅛	+⅛
Wolohn	.28b	10 3	17¼	17¼	17¼	−¼
WlvExp		500	7⅞	7⅛	7¼	
Wolv wt		466	2¼	2½	2⅝	
Worthg	.60	16 425	24⅝	24⅛	24⅝	+⅛
Wymen	.80	209	13⅛	12¾	13⅛	+⅛
−X−Y−Z−						
XL Dta		7 520	13⅛	13	13	−½
XOMA		764	23	22½	22¾	+¼
Xicor		541	3⅛	3⅛	3¼	
YanEnS	1.52e	12 53	19½	19¼	19⅜	+⅜
YelowF	.76	52 863	29⅛	28⅛	29	
YorkRs		22 239	14⅞	14⅝	14⅝	+⅛
ZionUt	1.44	9 142	28⅞	28¼	28⅝	+⅛

FINANCIAL TIMES
Wednesday June 27 1990

AMERICA

Profit-taking erodes gains inspired by hint on taxes

Wall Street

A LATE round of futures-related programme selling pushed equities marginally lower in the last half hour of trading yesterday, after an early burst of buying on the suggestion by President George Bush that he may have reversed his pledge not to raise taxes, *writes Janet Bush in New York.*

The Dow Jones Industrial Average closed down 2.73 points at 2842.33 on moderate volume of 141.4m shares, after *standing 30 points higher early* in the session. The Dow had closed 12.13 points lower on Monday at 2,845.05.

Other major indices were also modestly lower with the Standard & Poor's 500 quoted down 0.14 point at 352.17 and the Nasdaq Composite index of over-the-counter stocks off 0.26 point at 455.38.

Among blue chip issues, International Business Machines gained $1¼ to $116⅞. The company yesterday unveiled a new line of home computers, re-entering a market in which it failed to make an impact in the mid-1980s.

American Telephone & Telegraph was unchanged at $41⅜, Philip Morris continued to gain in the wake of its agreement to buy the bulk of Jacobs Suchard of Switzerland, rising another $½ to $46⅞, and Merck was quoted $½ higher at $82⅝.

A hint that taxes may be raised as part of a package to cut the budget deficit came in a statement from the President after a meeting with Congressional budget negotiators.

President Bush said tax revenue increases were needed to cut the budget deficit. Democrats responded by saying that an agreement on the budget could now be reached by mid-July.

These developments boosted both equities and bonds. The strong early start on the equity *market had also been partly* due to a better performance in the Tokyo market which overnight closed higher to end a three-session losing streak.

The positive effect of the tax remarks were short-lived on the equity market which once again fell prey to profit-taking.

The failure of shares to maintain their morning highs, despite the fact that long-dated bonds maintained gains of ½ point at midsession, was disappointing and provided evidence of the softness of support at current levels.

Technical indicators continue to signal that the market is vulnerable to selling at these levels. One important bear signal has been the poor performance of the Dow Jones Transportation 73 Average and the Dow Jones Utilities Average which both fell to their lowest levels on Monday since early May.

Another reason for the vulnerability of the market is concern about second quarter corporate profits. There were several major companies affected by these considerations yesterday.

Caterpillar continued to plunge in the wake of the company's forecast that earnings for the second quarter and for the year would be lower than year-ago levels.

Having lost $5 on Monday, Caterpillar slumped another *$6¼ to $52⅞.*

Canada

Surprising strength in the Canadian dollar boosted hopes of dropping interest rates and pushed Toronto stocks higher in sluggish trade, dealers said.

Bank shares carried the day, but investors are still wary of Canada due to growing Quebec nationalism, they added.

The composite index gained 20.97 to 3,495.13 on volume of 16.75m shares. Advances led declines 314 to 256.

President Bush's statement that he may raise taxes to cut the deficit rallied stocks at the opening.

The Canadian dollar closed at 1.1710-15 against the US dollar from Monday's close of 1.1772-77.

Series of new issues helps anchor Istanbul

Jim Bodgener explains how Turkey's bull run has finally brought companies to market

PRESSED BY high bank interest rates, Turkish industrial conglomerates and financial institutions are at last releasing their equity, once jealously guarded by their predominantly family owners. A series of issues, large by Turkish standards, has helped to anchor the Istanbul stock exchange, the IMKB, after a bull run lasting from early 1989 until this spring.

New private sector issues in the exchange's junior market *this year have totalled about* 28m shares with a value of about TL250bn ($96m). Entry to the senior blue chip market depends on their performance during a six-month period.

A *broker in Istanbul said:* "This indicates that the exchange is coming of age, as a means of extending the country's narrow savings base." It appears to have stabilised after the wide fluctuations between its revamp in 1986, and its last nadir in early 1989 – although, with the flood of new issues, a resumption of the bull market is not expected in the near future.

Since late spring, the market's IMKB index has oscillated between 3,600 and 4,000, closing yesterday at 3,700 on a trading volume of TL53bn, which IMKB officials described as a normal level for the past few months.

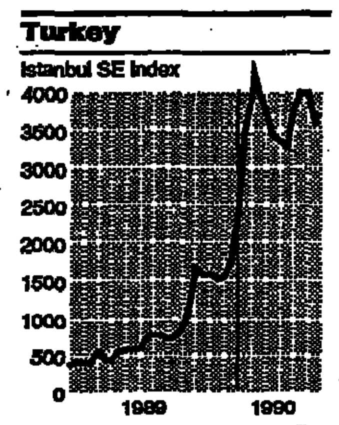
The conditions that produced the recent rally – unattractive yields from deposits, foreign exchange and gold by comparison with equities – still exist.

But with high interest rates on bank loans and the reluctance of some banks to lend to industry, companies are choosing the relative cheap*ness of the exchange for fresh* funds. "Why pay so much interest when the exchange represents almost zero-cost fund-raising?" asked an IMKB official.

Few companies release more than the minimum 15 per cent of total capital required for a new listing. Turkish companies are tempted to seek listings because they are generally under-capitalised. For example, the Sabanci group sold off 15 per cent of the equity of its Yunsa cotton, woollens and carpet subsidiary in early April, to raise funds to help it triple its 4,000 tonnes a year production capacity.

Turkey

Istanbul SE Index



Another new issue, listed from today, is that of Vestel, the brown and white goods manufacturer and a subsidiary of the UK's Polly Peck International, controlled by Mr Asil Nadir, the Turkish-Cypriot entrepreneur. When the issue closed last Thursday, 15 per cent, or 2.25m ordinary shares, had been sold, from which Polly Peck International received TL300bn to reduce group debt and to expand capacity.

Foreign interest in the new issues is also strong. Garanti Bankasi, the bank, placed TL160bn of shares in the market last month. Acting as its own marketmaker, it has already sold about $10m worth of shares to investors and institutions in Europe, the US and Asia, and anticipates selling another $25m to $30m worth in the short term.

The popularity of new issues with investors meant that demand for Garanti shares was high, even though bank stocks tend to be less active than industrial or commercial equities. Garanti was the seventh bank to be quoted on the exchange.

Another leading institution expected to seek a listing next month is Akbank, *owned by* the Sabanci group. Akbank will be looking for foreign partners through the exchange, said Mr Tufan Darbaz, Sabanci's assistant financial manager. At first, about 15 per cent of the company's TL1 trillion capital will be floated, although the minimum float is not a limit, said Mr Darbaz, but a starting point.

Some institutions need to divest industrial or real estate holdings to comply with new capital adequacy regulations to bring the banking sector into line with EC standards.

Speculation has centred on the partly state-owned Is Bankasi, which has widespread industrial interests. The institution is not planning an issue to supplement the 21 per cent already quoted on the exchange, although it may do so next year, said Mr Ahmet Mutlu, its general secretary.

EUROPE

Paris rises again as Frankfurt slips back

BOURSES mostly responded to the early good news from Wall Street yesterday, although domestic considerations seemed to hinder progress in Frankfurt and Milan, *writes Our Markets Staff.*

PARIS responded with enthusiasm to an early turnround in the bond market in New York and a strong opening on Wall Street, and share prices advanced in slightly heavier trading. The CAC 40 index gained 13.32 to 2,053.40 – its sixth consecutive rise – in turnover estimated at FFr2bn to FFr2.5bn after Monday's *FFr2bn. There was more for*eign interest than of late, according to one dealer, especially from the UK.

Investors sought blue chips and those stocks with healthy *dividend payments imminent,* such as Pechiney International which rose FFr4.40 to FFr144.60. Pechiney was one of two packaging companies moving on the the Monep options market this week, the other being CMB. Yesterday CMB, which has had regular speculative runs on expectations that MB Group of the UK will sell its stake, gained FFr5.30 to FFr196 in volume of 445,200 shares.

Michelin, the tyre-maker, moved slightly higher in heavy volume of 942,050 shares, adding 70 centimes to FFr99.90, after reaching a day's high of FFr102.50 in a technical reaction to the recent sell-off. Dealers suggested, however, that the share price had further to fall in the short term.

Also in the auto sector, Peugeot, which holds its annual general meeting today, gained FFr13 to FFr844.

Trading in Havas, the media group, was active again, with one block of 146,000 shares, or *0.4* per cent of its capital, traded at FFr650. It closed at FFr671, up FFr18, in overall volume of 273,600 shares.

Générale des Eaux, the water utility, closed down *FFr13 at FFr2,678 after a low of* FFr2,622. The company said that profits growth this year would be weaker than last, and announced plans for a FFr4.5bn convertible bond issue with warrants, with details to be given tomorrow.

FRANKFURT's seven-day rally came to a halt as profit-taking reversed early gains. After early rises of 5.46 for the DAX index and 2.54 to 797.45 for the FAZ at midsession, the DAX closed 7.92 lower at 1,888.29 – still more than 100 points higher than its close on Wednesday, June 13.

Mr Werner Wanke, head of securities at B Metzler in Frankfurt, said that the rise over the last week had reflected mostly domestic buy*ing and the absence of foreign* selling. Yesterday's reaction, he said, came from the position of the DAX, near the top of an 1,800 to 1,900 trading range in a "whipsaw" market, which is *expected to produce volatility* until the spending and savings results of German reunification have been digested for a short period, perhaps by mid-August.

Mr Wanke thinks that equities needs a lead from the bond market before they make another determined upsurge. The Bundesbank's average bond yield fell another 2 basis points yesterday to 8.90 per cent but, he says, the fall of 11 basis points in the past six working days reflects a technicality.

"Last week bond traders went short, but there was no follow-through from real investors," he explains. "So the traders had to cover their short positions and prices went up." There is real hope for bonds now, he thinks, with domestic investors coming in as "real" buyers and foreign institutions only marginal sellers; but this *is a promising situation, rather* than the breakthrough.

MILAN finished mixed after a volatile session, as early gains were erased in the second half when the computer *maker, Olivetti, came under* heavy selling pressure. Mr Carlo de Benedetti warned last Friday that 1990 would be another difficult year for Olivetti; yesterday the shares fell to L6,640 against a low of L6,590, an official close of L6,750 and Monday's L6,820.

The Comit index finished just 1.60 better at 747.29. Banks and telecommunications sec*tors, however, held on to* outpace the rest of the market. In telecoms, Stet continued its advance and rose L89 to L6,901 on active foreign interest.

AMSTERDAM was boosted by Wall Street's firm opening and by continued interest in food companies. The CBS tendency index rose 0.5 to 121.5. *Figures for April retail sales* showing a rise of 6 per cent lifted Ahold Fl 2.50 to Fl 148, while food companies continued to rise in the wake of the bid for Jacobs Suchard of Swit*zerland. Wessanen, the food* conglomerate, rose Fl 1.70 to Fl 73.20, Nutricia-VB gained Fl 1.80 to Fl 99.80 and CSM added Fl 1 to Fl 85.

Venture Fonds Nederland, the investment company, gained Fl 12.30 to Fl 50 after the company predicted a sharp profits rise for its extended financial year from June 1989 to December 1990.

ZURICH improved late on indications that the US administration was becoming more serious about coming to grips with its budget deficit. The Crédit Suisse index inched up by 1.2 to 663.8.

Registered shares of Holzstoff Holding, the paper-maker which opened this class to foreigners for the first time yesterday, rose SFr350 to SFr5,250, while the bearers fell SFr300 to SFr5,550.

MADRID continued to focus on the electrical utilities sector, *which again attracted for*eign demand. Iberduero gained Pta32 to Pta732, Endesa rose Pta65 to Pta2,515 and Hidrola picked up Pta15 to Pta571. The general index rose 1.54 to 292.30.

STOCKHOLM was buoyed by secondary stocks, which have lagged behind the blue chips, but turnover was generally light. The Affärsvärlden General index gained 7.1 to 1,287.8. Astra, the pharmaceutical company, continued to benefit from prospects for Losec, its anti-ulcer drug, gaining SKr10 to SKr555.

VIENNA rose again on demand from foreign investors, with the bourse index advancing 9.11 to 660.34 in busy trade.

SOUTH AFRICA

ANOTHER FALL in the bullion price wiped out early gains by gold shares in Johannesburg. The JSE Gold index closed at 1,440, down 2, after reaching 1,467. The overall market rose slightly, helped by a weak financial rand.

ASIA PACIFIC

Steadier yen sparks rally fuelled by bargain buying

Tokyo

A HALT to the decline in the yen, and moves to calm interest rate fears sparked off a *round of bargain hunting* yesterday after Monday's sharp fall. High technology issues led a rebound on the market and share prices closed higher for the first time in four trading days, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average rose 447.58 to 31,571.77. The gain was enhanced by arbitrage buying which came in as futures appreciated, producing a strong boost towards the close.

The day's high was 31,572.85 and the low 31,086.34. Rises outpaced falls by 655 to 286 and 174 issues were unchanged. Turnover improved from 300m shares to 400m, still considerably lower than levels reached in better times. The broad-based Topix index improved 22.33 to 2,323.35 and, in London, the ISE/Nikkei 50 index put on 2.61 to 1735.32.

A good deal of yesterday's strength was attributed to aggressive buying by securities houses, which took their cue from investment trusts. An estimated Y900bn of new investment trust funds, 80 per cent of which would be directed towards equities, is expected to be launched after this Friday, a broker said.

Otherwise, the market outlook showed little sign of improvement. Mr Paul Muller at Schroder Securities said: "I am very, very sceptical [about the market's rise]." The Bank of Japan, which was thought to want to keep interest rates at about present levels, yesterday injected liquidity into the money market; but this indicated that there was continuing upward pressure on rates.

High-priced high technology issues with good earnings were popular yesterday for their *generally lower price-earnings* ratios, their export business, which would make them beneficiaries of a weaker yen, and their high prices – offering the prospect of short-term profits.

Winners included Fuji Photo Film, which was up Y110 to Y4,390, and TDK, the maker of magnetic tapes, ahead Y250 at Y7,050. Pioneer, the audio maker, rose Y80 to Y6,150 and Sony added Y60 at Y8,510.

Komatsu Seiren, a textile maker, rose Y60 to Y1,840 on expectations of a double digit increase in pre-tax profits in the year to March 1991.

Citizen, known for its watches, put on Y80 to Y1,150 in active trading, with investors encouraged by buoyant sales of its floppy disks and machine tools. It was fifth on the actives list.

Alps Electric firmed Y80 to Y2,370 in active trading on news that it would produce liquid crystal display units in West Germany. This would be a first for a Japanese maker in the European community.

Investors were keen on scrip issue prospects. In this category, Kyocera, which makes semiconductor parts and equipment, climbed Y160 to Y8,330.

*Bargain hunting helped Nip*pon Steel, which topped the actives list with 10.8m shares traded, and Mitsubishi Heavy, in second position on Y9.8m shares. Both gained yesterday despite rising interest rates. Nippon Steel added Y14 at Y565 and Mitsubishi Heavy Y10 at Y1,000.

Osaka enjoyed a moderate rebound which took the OSE average up 120.76 to 34,688.76. Turnover showed a significant rise to 60m shares from Monday's 24m.

Roundup

FORTUNES varied widely in the Asia Pacific region yesterday, with Hong Kong hitting a 13-month high and Taiwan fall*ing to an 18-month low.*

HONG KONG extended its rally to eight sessions, rising to its best level for more than a year, although profit-taking trimmed gains. The market welcomed the release of Fang Lizhi, the Chinese dissident, on Monday; shares also responded to end-of-quarter buying.

After gaining more than 28 points in early trading, the Hang Seng index finished 15.91 up on balance at 3,292.35, compared with 3,309.64 on May 15 last year. Turnover expanded to a 13-month high of HK$2.46bn, against Monday's level of HK$2.34bn.

TAIWAN fell sharply in late trading as selling of banking stocks spread to the rest of the market. The weighted index dropped 274.43, or 4.9 per cent, to 5,294.12, its lowest level since January 7, 1989, as turnover rose to T$48.43bn from Monday's T$42.17bn.

The index has fallen 57.6 per cent since February 10 this year; on Monday, Finance Minister Wang Chien-hsien announced a series of measures intended to revive and stabilise the market.

AUSTRALIA finished barely changed in thin trading after arbitrage trading eroded early gains. The All Ordinaries index ended 0.2 higher at 1,513.1, after hitting 1,518.6, on turnover of A$167m, down from Monday's A$201m.

CSR was the most active stock with 4.28m shares traded in anticipation of its dividend payment of 24 cents, to be paid next month, and on option-related trading. The stock firmed 2 cents to A$5.38.

NEW ZEALAND was mixed in busy trading, with corporate news spurring foreign investors into action. The Barclays index edged up 0.42 to 1,785.46 in turnover of NZ$28.5m, up from Monday's NZ$13m.

MANILA fell again on profit-taking, with the composite index losing 13.63 to 905.30.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JUNE 26 1990								MONDAY JUNE 25 1990					DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (80)	141.43	+0.3	120.82	138.70	122.91	119.75	+0.2	5.81	141.03	120.82	138.49	123.03	119.45	158.31	125.85	131.96
Austria (19)	*255.96*	*+0.9*	*218.66*	251.04	*222.44*	223.17	*+1.1*	*1.21*	253.78	217.43	249.22	221.40	220.80	285.63	193.15	121.08
Belgium (61)	150.10	−0.2	128.22	147.20	130.44	126.96	−0.5	4.54	150.40	128.85	147.68	131.20	127.59	160.02	132.11	129.29
Canada (119)	135.43	+0.7	115.70	132.82	117.69	115.04	+0.2	3.52	134.49	115.22	132.06	117.32	114.77	153.61	130.37	141.17
Denmark (33)	258.43	−0.4	220.77	253.45	224.58	224.25	−0.3	1.28	259.44	222.27	254.77	226.33	224.86	261.19	236.69	197.21
Finland (26)	133.86	−1.2	114.35	131.29	116.33	110.95	−1.1	2.47	135.53	116.12	133.10	118.24	112.20	152.29	129.99	140.23
France (124)	161.29	+1.0	137.78	158.17	140.15	141.87	+0.6	2.89	159.62	136.75	156.73	139.24	141.03	168.85	141.69	120.76
West Germany (93)	133.18	+0.6	113.77	130.63	115.73	115.73	+0.2	1.93	132.43	113.46	130.06	115.52	115.52	137.71	122.05	88.96
Hong Kong (48)	135.95	+0.5	116.13	133.32	118.14	135.88	+0.5	4.62	135.27	115.89	132.83	118.01	135.19	135.95	112.24	92.75
Ireland (17)	188.92	+0.1	161.39	185.28	164.17	166.12	+0.0	2.64	188.81	161.76	185.41	164.72	166.17	198.57	172.72	134.59
Italy (96)	107.31	+0.6	91.68	105.24	93.25	98.08	+0.2	2.40	106.67	91.39	104.74	93.05	97.91	109.26	91.85	83.52
Japan (454)	143.19	+0.9	122.33	140.43	124.45	140.43	+0.7	0.80	141.97	121.63	139.41	123.87	139.41	197.28	124.40	177.15
Malaysia (35)	229.96	+0.3	196.45	225.52	199.83	240.10	+0.3	2.25	229.32	196.47	225.18	200.05	239.43	245.32	204.15	179.58
Mexico (13)	510.92	−0.6	436.46	501.07	443.99	1597.63	−0.6	0.32	514.02	440.38	504.76	448.42	1605.64	549.86	324.53	264.08
Netherland (43)	141.67	+0.5	121.03	138.94	123.12	121.82	+0.3	4.63	140.96	120.77	138.42	122.98	121.44	145.66	130.43	120.89
New Zealand (17)	65.56	−0.1	56.01	64.30	56.98	59.24	−0.5	7.47	65.61	56.21	64.43	57.24	59.51	75.36	59.57	66.58
Norway (23)	233.35	−0.1	199.35	228.86	202.79	203.58	−0.3	1.48	233.68	200.20	229.47	203.86	204.26	245.90	202.34	181.12
Singapore (25)	204.95	+0.0	175.08	201.00	178.10	174.16	+0.1	1.94	205.01	175.64	201.32	178.84	174.07	207.93	179.70	159.79
South Africa (60)	172.80	+0.1	147.62	169.47	150.16	151.70	+0.4	3.93	172.67	147.93	169.56	150.63	151.13	251.39	170.00	148.39
Spain (42)	168.23	+1.0	143.71	164.99	146.19	131.33	+0.8	4.06	166.59	142.72	163.59	145.33	130.24	168.23	132.84	148.43
Sweden (34)	221.55	+0.6	189.27	217.29	192.54	198.68	+0.5	2.04	220.19	188.65	216.23	192.10	197.78	221.55	173.89	165.94
Switzerland (66)	105.37	+0.3	90.01	103.34	91.58	91.78	+0.0	2.25	105.08	90.03	103.19	91.68	91.82	105.37	88.75	79.79
United Kingdom (304)	168.46	+0.4	143.91	165.20	146.38	143.91	+0.1	4.71	167.78	143.74	164.74	146.35	143.74	168.46	139.87	142.28
USA (537)	142.35	−0.2	121.60	139.61	123.71	142.35	−0.2	3.39	142.58	122.15	140.02	124.39	142.58	148.55	130.81	133.83
Europe (961)	150.97	+0.5	128.97	148.06	131.20	129.69	+0.2	3.61	150.19	128.67	147.48	131.03	129.42	150.97	135.57	119.16
Nordic (116)	208.09	+0.1	177.76	204.07	180.83	176.22	+0.0	1.71	207.96	178.17	204.22	181.43	176.20	208.08	185.01	161.38
Pacific Basin (659)	142.80	+0.8	121.99	140.05	124.09	139.25	+0.7	0.93	141.63	121.34	139.09	123.56	138.29	192.75	124.68	172.33
Euro – Pacific (1640)	146.51	+0.7	125.16	143.67	127.31	136.06	+0.5	2.01	145.50	124.65	142.86	126.92	135.40	174.18	130.35	151.13
North America (656)	141.83	−0.1	121.16	139.12	123.28	140.54	−0.1	3.40	141.99	121.65	139.45	123.89	140.74	147.87	131.02	134.17
Europe Ex. UK (677)	138.96	+0.6	118.71	136.31	120.79	120.85	+0.3	2.73	138.14	118.35	135.68	120.54	120.52	139.50	124.61	104.49
Pacific Ex. Japan (205)	137.25	+0.3	117.25	134.62	119.28	122.24	+0.3	5.02	136.83	117.23	134.39	119.38	121.90	139.32	122.53	114.70
World Ex. US (1832)	146.61	+0.7	125.24	143.79	127.41	135.89	+0.5	2.08	145.61	124.75	143.00	127.03	135.24	173.77	131.30	150.83
World Ex. UK (2065)	141.60	+0.4	120.96	138.88	123.06	137.27	+0.3	2.27	141.04	120.84	138.51	123.06	136.89	162.00	130.80	143.91
World Ex. So. Af. (2309)	143.80	+0.4	122.85	141.04	124.98	137.79	+0.3	2.52	143.23	122.71	140.67	124.97	137.43	161.84	131.95	143.73
World Ex. Japan (1915)	145.82	+0.2	124.57	143.03	126.74	136.75	+0.0	3.51	145.59	124.74	142.98	127.03	136.72	147.88	134.62	128.01
The World Index (2369)	*143.98*	*+0.4*	*123.00*	*141.21*	125.13	*137.89*	*+0.3*	2.53	143.41	122.87	140.84	125.12	137.53	162.05	132.25	143.75

Constituent change 26/6/90: Deletion: Paribas (Certs.)(France).